

**Kyiv National University of Trade and Economics**  
**Department of International Management**

**FINAL QUALIFYING PAPER**

**on the topic:**

**«EVALUATION OF THE EFFECTIVENESS OF FOREIGN  
ECONOMIC ACTIVITY OF THE ENTERPRISE»**

**(on the materials of the MILSTONE LLC)**

Student of the 2<sup>nd</sup> year, group 4a,  
specialty 073 “Management”,  
specialization “Management  
FEA”

of

\_\_\_\_\_  
*(student's signature)*

Slobodianiuk Diana  
Anatoliivna

Scientific adviser  
Candidate of Sciences (Economics),  
Senior Lecturer at the Department of  
International Management

\_\_\_\_\_  
*(signature of a scientific  
adviser)*

Oliinyk Andrii  
Anatoliiovych

Manager of the educational program  
Candidate of Sciences (Economics),  
Associate Professor of the  
Department of International  
Management

\_\_\_\_\_  
*(signature of the head  
of the project team)*

Serova Lyudmila  
Petrivna

**Kyiv-2020**

## Kyiv National University of Trade and Economics

Faculty \_\_\_\_\_ KNUTE\_\_\_\_\_ Department International Management  
 Specialty \_\_\_\_\_ Management \_\_\_\_\_  
 Specialization \_\_\_\_\_ Management of foreign economic activity \_\_\_\_\_

**Approved by**  
 Head of the Department \_\_\_\_\_  
 on \_\_\_\_\_, \_\_\_\_\_, 20\_\_\_\_

### Task for a final qualifying paper

\_\_\_\_\_  
 Slobodianiuk Diana

(student's last name, first name)

1. Topic of a final qualifying paper

*Evaluation of the effectiveness of foreign economic activity of the enterprise*

Approved by the Rector's order from \_\_\_\_\_, No. \_\_\_\_\_

2. Term of submitting by a student his/her terminated paper \_\_\_\_\_

3. Initial data of the final qualifying paper

**The main purpose** of the final qualifying paper is to assess the results of the effectiveness of foreign economic activity of the enterprise of "Milstone LLC", and to develop measures to improve efficiency in modern economic conditions.

**The object** of the research is the foreign economic activity of "Milstone LLC".

**The subject** of the study is the assessment of the effectiveness of the implementation of foreign economic activity at the enterprise "Milstone LLC".

4. Consultants of the research and titles of subsections which were consulted:

Section	Consultant (last name and initials)	Date and signature	
		The task given	The task fulfilled

5. Contents of a final qualifying paper (list of all the sections and subsections)

CONTENT

INTRODUCTION

SECTION 1. RESEARCH OF THE SYSTEM OF MANAGEMENT OF THE

## EFFICIENCY OF FOREIGN ECONOMIC OPERATIONS AT “Milstone” LLC

### 1.1 Characteristics of the enterprise “Milstone” LLC

### 1.2. Analysis of financial and economic indicators of the enterprise.

### 1.3. Analysis of FEA of the “Milstone” LLC

### Conclusions to Section 1

## SECTION 2. WAYS FOR IMPROVEMENT THE EFFICIENCY OF FEA OPERATIONS AT “Milstone” LLC

### 2.1. Substantiation of the reserves for the increasing the efficiency of the enterprise`s foreign economic activity of “Milstone” LLC

### 2.2. Proposals of improving the effectiveness of FEA of the “Milstone LLC”

### 2.3. Forecasted results of implementation of the recommendations for “Milstone” LLC

### Conclusions to Section 2

## CONCLUSION AND RECOMMENDATIONS

## REFERENCES

### 6. Time schedule of the paper

No.	Stages of a final qualifying paper	Terms of a final qualifying paper	
		de jure	de facto
1	Approval of the plan of a final qualifying paper with scientific adviser	17.10.2019	17.10.2019
2	Obtaining a task for the final qualifying paper of drawing up a calendar plan of execution	05.12.2019	05.12.2019
3	Submission of scientific article to the responsible editor of the collection of articles	20.03.2020	20.03.2020
4	Submission of the final qualification paper	01.10.2020	01.10.2020
5	Submission of the second section to the scientific adviser	15.10.2020	15.10.2020
6	Pre-Defence	20.10.2020	20.10.2020
7	Submission of a final qualifying paper to the Head of Department	22.10.2020	22.10.2020
8	Submission of final qualifying paper to the examination commission	01.12.2020	01.12.2020

7. Date of receiving the task 17/10/2019.

8. Scientific adviser of the final qualifying paper

Oliinyk A.A.  
(last name, initials , signature)

9. Head of the project team  
(Manager of the educational program)

Serova L.P.  
(last name, initials, signature)

10. The task received by the student

Slobodianiuk Diana  
(last name, initials, signature)

## 11. Resume of a scientific adviser of a final qualifying paper

The final qualifying paper of Slobodianiuk Diana is relevant and devoted to increasing the the efficiency of the enterprise`s foreign economic activity based on materials of “Milestone” LLC. The reviewed work consists of content, introduction, main part (2 sections), conclusions and recommendations, references and appendices. The content of the sections fully corresponds to the titles of the parts and the topic of the final qualifying paper. The content and structure of the final qualifying paper meet the requirements and standards for obtaining a master's degree.

The graphic materials presented in the paper are made in accordance with the requirements and clearly reflect the results of the research. The practical significance of this final qualifying paper is confirmed by the possibility of using the proposed measures at the enterprise to improve of FEA effectiveness of “Milestone” LLC. The proposed recommendations can have a positive effect in conducting of FEA and also the company's brand image on the foreign market.

The final qualifying paper reflects the theoretical and practical aspects of the effectiveness of FEA of the enterprises. The work of Slobodianiuk Diana is completed, meets the requirements and is recommended for defence.

Scientific adviser of a final qualifying paper

\_\_\_\_\_  
(last name, initials, signature)

Note about preliminary paper defence

\_\_\_\_\_  
(last name, initials, signature)

## 12. Resume about a final qualifying paper

A final qualifying paper of the student

\_\_\_\_\_  
(last name, initials)

can be admitted to defence in the Examination Board.

Head of the project team  
(Manager of the educational program)

\_\_\_\_\_  
(last name, initials, signature)

Head of the Department

\_\_\_\_\_  
(last name, initials, signature)

\_\_\_\_\_, \_\_\_\_\_, 20\_\_.

**АНОТАЦІЯ**  
**ДО ВИПУСКНОЇ КВАЛІФІКАЦІЙНОЇ РОБОТИ**

на тему :

Оцінка ефективності зовнішньоекономічної діяльності підприємства

*(на матеріалах ТОВ «Мілстон», м. Київ)*

Студентки 2 курсу, 4ам групи, спеціальності 073 «Менеджмент»,  
спеціалізації «Менеджмент зовнішньоекономічної діяльності» Слободянюк Д.

Випускна кваліфікаційна робота досліджує управління ефективністю зовнішньоекономічних операцій на підприємстві. Робота виконана на базі ТОВ «Мілстон».

У першій главі розкриваються основні характеристики підприємства, його фінансово-господарська діяльність, ефективність зовнішньоекономічної діяльності підприємства ТОВ «Мілстон». У другому розділі дається комплексна оцінка ефективності зовнішньоекономічної діяльності ТОВ «Мілстон». Робота містить 22 таблиці, 12 рисунків, 19 літературних джерел та 2 додатки.

**ABSTRACT**  
**FINAL QUALIFYING PAPER**

on the topic:

«Evaluation of the effectiveness of foreign economic activity of the  
enterprise»

(on the materials of the “Milestone” LLC)

Student of the 2<sup>nd</sup> year, group 4am, specialty 073 “Management”, specialization  
“Management of FEA” D. Slobodianiuk

*The final qualifying paper deals with the management of the efficiency of foreign economic operations at the enterprise. The work was performed on the basis of the “Milestone” LLC.*

*The first chapter reveals the main characteristics of the enterprise, its financial and economic activity of the effectiveness of the foreign economic activity of an enterprise “Milestone” LLC. The second chapter provides a comprehensive assessment of the effectiveness of the foreign economic activity of “Milestone LLC”. The work contains: tables-22, figures-12, references-19 and appendices-2.*

## SUMMARY

### TO THE FINAL QUALIFYING PAPER

«Evaluation of the effectiveness of foreign economic activity of the enterprise»  
(on the materials of the “Milstone” LLC)

Final qualifying paper: - 54 p., Illustrations - 12, Tables - 22, appendices - 2, references – 19

**The object** of the research is the foreign economic activity of “Milstone LLC”.

**The subject** of the study is the assessment of the effectiveness of the implementation of foreign economic activity at the enterprise “Milstone LLC”.

**The main purpose** of the final qualifying paper is to assess the results of the effectiveness of foreign economic activity of the enterprise of “Milstone LLC”, and to develop measures to improve efficiency in modern economic conditions.

**Task:**

- to analyze financial and economic indicators of the “Milstone” LLC;
- to analyze the FEA of the “Milstone” LLC;
- to justify the reserves for the increasing the efficiency of the enterprise`s foreign economic activity of “Milstone” LLC;
- to suggest ways of improving the effectiveness of FEA of the “Milstone LLC;
- to calculate forecasted results of implementation of the recommendations for “Milstone” LLC.

**Methods of investigation:** methodological basis of the paper research is analysis, systematic approach, fundamental provisions of modern economic theory, dialectical method of scientific knowledge, concept of strategic management, scientific works of leading domestic and foreign scientists-economists, devoted to research problems of effectiveness of foreign economic activity of the enterprises.

**In the introduction** to the paper the current trends and importance of increasing of foreign economic activity effectiveness is explained; the object of research, subject of research, significance and aim are defined. Main tasks of final qualifying paper are explained. The main methodological instruments used in the paper are described.

**In the first part of the paper** the indicators of economic and business activity of the enterprise are investigated, the management system of enterprise is described.

**In the second part** of the paper “Ways for improvement the efficiency of FEA operations at “Milestone” LLC the reserves for the increasing the efficiency of the enterprise`s foreign economic activity of the enterprise are investigated. The ways for improvement are proposed. Forecasting of financial result after implementation of proposals in foreign economic activity is calculated.

**Conclusions and proposals** contain the brief presentation of the results of the conducted research. The most important theoretical positions that contain the core of the problem, and ways for its solution are defined. Also the results of the whole final qualifying paper are summarized.

## CONTENT

CONTENT .....	8
INTRODUCTION .....	9
SECTION 1. RESEARCH OF THE SYSTEM OF MANAGEMENT OF THE EFFICIENCY OF FOREIGN ECONOMIC OPERATIONS AT “Milestone” LLC...	12
1.1 Characteristics of the enterprise “Milestone” LLC.....	12
1.2. Analysis of financial and economic indicators of the enterprise. ....	17
1.3. Analysis of FEA of the “Milestone” LLC .....	23
Conclusions to Section 1 .....	31
SECTION 2. WAYS FOR IMPROVEMENT THE EFFICIENCY OF FEA OPERATIONS AT “Milestone” LLC .....	32
2.1. Substantiation of the reserves for the increasing the efficiency of the enterprise’s foreign economic activity of “Milestone” LLC .....	32
2.2. Proposals of improving the effectiveness of FEA of the “Milestone LLC” .....	38
2.3. Forecasted results of implementation of the recommendations for “Milestone” LLC.....	45
Conclusions to Section 2.....	52
CONCLUSIONS AND RECOMMENDATIONS .....	53
REFERENCES .....	55
APPENDICES .....	57



## INTRODUCTION

Foreign economic activity of enterprises forms the basis of modern world economic relations. The increasing role of the foreign economic sphere is taking place in the context of the globalization of the world economy.

At the present stage, foreign economic relations are an integral part of the activities of all sectors of the national economy of enterprises. They become a means of economic, scientific, technical and social progress in society. For enterprises, on the one hand, this expands the opportunities for access to foreign markets, on the other hand, it promotes involvement in foreign trade and foreign exchange transactions, which affect the overall efficiency of their activities.

The lack of comprehensive scientific developments in the field of foreign economic activity management, covering all stages of the process of foreign economic operations, leads to a decrease in the efficiency of the enterprise as a whole.

**The relevance of the topic** of this paper lies in the fact that, thanks to the assessment of the foreign economic activity of the enterprise, production develops, the necessary goods grow in the markets. However, before entering a foreign market, an enterprise must analyze all internal and external factors and choose the most suitable way to enter the international market.

By evaluating the performance of an enterprise in a particular industry, all the problems that need to be solved immediately in order to improve the efficiency of the organization can be identified.

This work was carried out on the example of the foreign economic activity of “Milestone LLC”. It is a typical enterprise in the field of foreign economic cooperation, which carries out foreign trade operations during the entire period of its activity.

**The analysis of the recent researches.** Such Ukrainian and foreign scientists as T. Melnik, K. Laduchenko, L. Serova, O. Samila, L. Kryvko, O. Dzhusov, T. Rybakova dealt with the issues of planning the expansion of foreign economic activity of the enterprise. The theoretical basis of the study are modern theories of market economy, scientific concepts, monographs and periodicals of Ukrainian and foreign scientists on entrepreneurship, management, the formation of mechanisms for

managing the development of the enterprise, including its foreign economic activity. The information base of the study consisted of: economic literature and periodicals, analytical data on various areas of business of the industry, materials of state statistics of Ukraine, enterprise development programs, as well as the results of research conducted by the author. The paper uses statistical and heuristic methods, comparative and technical and economic analysis, generalization of expert assessments.

**The object** of the research is the foreign economic activity of “Milstone LLC”.

**The subject** of the study is the assessment of the effectiveness of the implementation of foreign economic activity at the enterprise “Milstone LLC”.

**The main purpose** of the final qualifying paper is to assess the results of the effectiveness of foreign economic activity of the enterprise of “Milstone LLC”, and to develop measures to improve efficiency in modern economic conditions.

To achieve this goal, it is necessary to solve **the following tasks**:

- characterize the “Milstone” LLC;
- to analyze financial and economic indicators of the “Milstone” LLC;
- to analyze the FEA of the “Milstone” LLC;
- to justify the reserves for the increasing the efficiency of the enterprise`s foreign economic activity of “Milstone” LLC;
- to suggest ways of improving the effectiveness of FEA of the “Milstone LLC;
- to calculate forecasted results of implementation of the recommendations for “Milstone” LLC.

**Research methods.** In this paper, the theoretical and methodological basis is the works of domestic and foreign scientists and economists on foreign economic activity, reference materials, articles in scientific journals. And also methods of comparative, economic and financial analysis of foreign economic activity, methods of forecasting and sociological research were used.

The final qualifying paper consists of an introduction, two sections, a conclusion and proposals, a list of used sources, appendices.

**The scientific novelty of the obtained results.** The proposed algorithm for assessing the effectiveness of foreign economic activity, will allow to make management decisions to improve foreign economic activity.

**The information about the approbation of the results of the final qualifying paper.** The work was tested at the Department of International Management, Kyiv National University of Trade and Economics. The final qualifying paper materials were presented by the author at the collection of articles «Export and import operations in the condition of geoeconomical changes» (Kyiv, 2020).

**Practical significance of the research.** This study will objectively assess the degree of influence of external factors on the efficiency of foreign economic activity and the enterprise. Also, the results of the research can be used by the enterprise to develop the export potential and solve the problem of assessing the foreign economic potential of the enterprise.

This thesis consists of an introduction, three chapters, a conclusion, a list of sources used.

## **SECTION 1. RESEARCH OF THE SYSTEM OF MANAGEMENT OF THE EFFICIENCY OF FOREIGN ECONOMIC OPERATIONS AT “Milestone” LLC**

### **1.1 Characteristics of the enterprise “Milestone” LLC**

LLC “Milestone” was founded on 05.02.2015 in accordance with the Civil Code of the Ukraine, the Law "On Limited Liability Companies" and other legal acts regulating the creation and operation of limited liability companies. “Milestone” LLC started its activity as a production and trade company. Its code of the unified state register of enterprises and organizations of Ukraine is 39622368.

"Milestone" LLC is engaged in wholesale and industrial activities – marketing.

*Table 1.1*

#### **Types of activity of "Milestone" LLC operates according to the classifier of economic activities**

Code	Meaning
46.90	Non-specialized wholesale (main code)
18.12	Printing other products
18.14	Bookbinding and related services
46.18	Activities of intermediaries specializing in the sale of other goods
46.51	Wholesale of computers, peripheral equipment and software
46.66	Wholesale of office machines and equipment
68.10	Buying and selling our own real estate

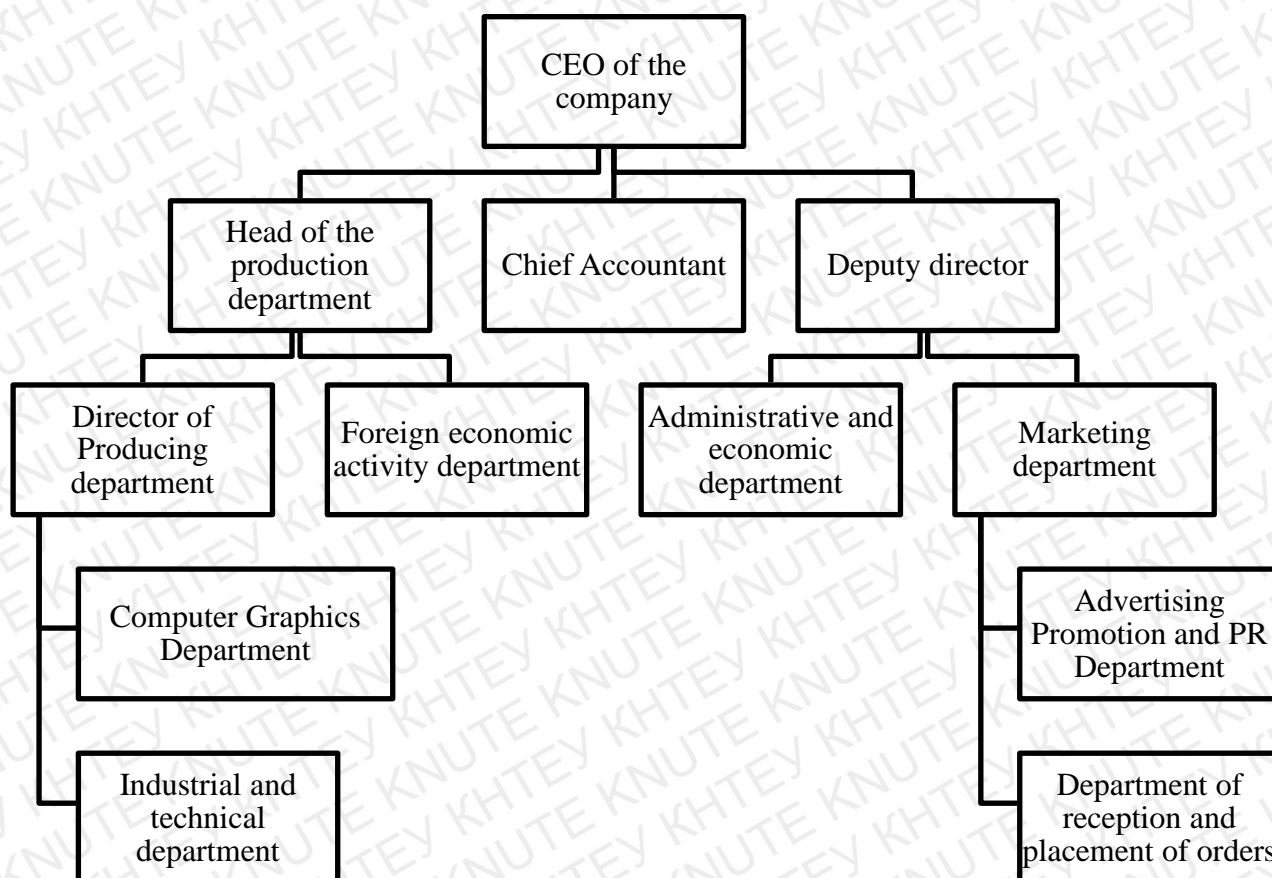
*Source: conducted by the author due [1].*

Today the company operates on the foreign markets and on the Ukrainian market, as well. The goals of “Milestone” LLC are: to expand business and to increase sales and create a positive image of the brand in the eyes of consumers abroad. The company operates on the B2B model, the sale of goods or services in which customers are some legal entities, and suppliers or contractors - other legal entities. “Milestone” LLC operates according to the classifier of economic activities according to such types.

From the table 1.1 we can make a conclusion that the main activity of the enterprise is 46.90 – non-specialized wholesale. This code includes wholesale of various assortment of goods without any specific specialization.

“Milestone” LLC is a legal entity which in accordance with the legislation of Ukraine, has an independent balance sheet, may acquire property and personal non-property rights and bear obligations on its own behalf. “Milestone” LLC operates on the basis of the legislation of Ukraine and the Charter.

The “Milestone” LLC management structure is presented in Fig. 1.1.



**Fig. 1.1 – Organizational management structure of “Milestone” LLC**

*Source: developed by the author based on enterprise data.*

As it can be seen from Figure 1.1, “Milestone” LLC uses a linear-functional management structure. All economic activities of “Milestone” LLC are managed by the director. His subordinates include deputies, including the deputy for development, and the chief accountant.

The first group includes:

- development of production programs and production schedules for the enterprise and its divisions, their adjustment during the planning period, development and implementation of standards for operational and production planning, operational control over the course of production, over the provision of production with technical documentation, equipment, tools, materials, components, transport, loading and unloading facilities, etc., as well as over the preparation of production of new types of products.

- foreign economic department, the functions of which will be discussed in detail below;

- the administrative and economic department, which carries out currency planning and control over banking currency, credit and settlement operations, monitors the observance of interests in concluding foreign trade agreements;

- the implementation of marketing and sales functions are combined into a single complex under the leadership of the Deputy Director of Sales and Marketing, and the implementation of marketing functions are involved, if necessary, all workers and employees of the enterprise [2].

The linear-functional management structure developed in “Milestone” LLC has a number of advantages:

- prompt implementation of actions according to orders and instructions given by senior management;

- rational combination of linear and functional relationships;

- stability of powers and responsibilities for staff;

- prompt decision-making and implementation;

- professional solution of problems by specialists of functional services.

The main activity of “Milestone” LLC:

- trade activity of the machinery and equipment;

- activities of intermediaries specializing in the sale of other goods;

- production of souvenirs with the possibility of personalization by TMT technology [3].

Also we should analyze the inner and the external of the environment of “Milestone” LLC.

SWOT analysis – is one of the most effective tools in strategic management. The essence of SWOT analysis is to analyze the internal and external factors of the company, assess the risks and competitiveness of the product in the industry [4].

*Table 1.2*

### SWOT-analysis of “Milestone” LLC

	<b>Positive factors</b>	<b>Negative factors</b>
	<b>Strengths (internal potential) (S)</b>	<b>Weaknesses (internal) (W)</b>
<b>Internal environment</b>	<ol style="list-style-type: none"> <li>1) Brand awareness.</li> <li>2) The company's experience in the Ukrainian and foreign market is 5 years.</li> <li>3) The system used to train new employees.</li> <li>4) Traditions of high quality service.</li> <li>5) Established partnerships with suppliers supplying goods on terms favorable to the company.</li> <li>6) A wide range of products.</li> <li>7) Bonus programs.</li> <li>8) Discounts and discount cards.</li> <li>9) Large volumes of sales.</li> </ol>	<ol style="list-style-type: none"> <li>1) Tough competition.</li> <li>2) Lack of experienced managers.</li> <li>3) Lack of communication, lack of constant informing of employees about the results of their work, insufficient feedback.</li> <li>4) Staff turnover.</li> </ol>
	<b>Potential (O)</b>	<b>Threats present (T)</b>
<b>External environment</b>	<ol style="list-style-type: none"> <li>1) The unsaturated Ukrainian market provides virtually unlimited growth opportunities.</li> <li>2) Development of the regional market.</li> <li>3) Attracting new customers.</li> <li>4) Expansion of services.</li> <li>5) The possibility of hiring highly qualified and experienced personnel.</li> </ol>	<ol style="list-style-type: none"> <li>1) The preference of many people for well-known companies;</li> <li>2) Minimum barriers to entry of new firms into the market;</li> <li>3) Greater susceptibility to changes in the legislation of countries.</li> <li>4) Strengthening the positions of competing companies.</li> </ol>

*Source: developed by the author based on enterprise data.*

So, we have identified the main components of the company's competitive profile. As we can see, the main strengths are already established in the market and a positive image of the company, as well as the implementation of a new product.

Weaknesses include, first of all, a competitive pressure and increased centralization of production. Opportunities include developing and implementing a new marketing strategy and products. As for threats, the main ones are pressure from competitors and a failed advertising campaign that can deal a reputational blow.

To date, there is an active development of the market of trade companies, caused primarily by the need to meet the ever-growing demand for generating the income of the company. It is not a secret that trading companies generate the income. And today, along with the great amount of the companies, which operate on this market, which are gradually losing their popularity, giving way to new, stronger competitors. The great variety of companies causes a certain diversity of offers in the market.

As we found out in the course of the conducted SWOT-analysis, “Milestone” LLC is characterized by a certain balance of strengths and weaknesses (strengths and weaknesses characteristic of the company), as well as opportunities and threats. Those the company exists in a fairly stable environment, however, in order to obtain additional competitive advantages, “Milestone” LLC should work on its brand image and widen its activity abroad, thereby strengthening its position in the market.

If we follow these strategies, “Milestone” LLC will try to improve its services or start offering a new one with the possibility of the changing the industry of its operation. As for the market, the company will look for opportunities to improve its position in the existing market or transition to a new market.



## 1.2. Analysis of financial and economic indicators of the enterprise.

The financial condition of the enterprise directly depends on its production, financial and commercial activities.

The financial activity carried out is primarily aimed at deciding where, at what time and how to use financial resources for the most favorable and effective development and, as a result, to maximize profits.

The main purpose of financial analysis is to assess the financial condition of the enterprise and determine in which direction it is worthwhile to work to improve it.

To assess the stability of the financial condition of an enterprise, different methods have been developed that characterize the changes occurring with it.

Financial analysis is aimed at obtaining key parameters that give a comprehensive and objective assessment of the financial condition of the enterprise [5].

In the method of financial analysis, it is customary to distinguish three blocks that are closely interconnected:

- analysis of the financial results of the enterprise;
- analysis of business activity indicators;
- analysis of liquidity and solvency;
- analysis of indicators of property status;
- analysis of profitability indicators. Next we need to analyze the financial condition of our company [6].

*Table 1.3*

### **Dynamics of financial results of “Milestone” LLC for 2015-2019**

Index	Absolute deviation				Relative deviation, %			
	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019
Net income from sales of products	17 96	5 888	6 851	8 950	49,24	10,86	11,39	13,36
Cost of sales (products, works, services)	-13409	-2 716	-4 910	-8 412	49,39	6,70	11,35	17,46
Gross profit	923	127	65	-300	82,41	6,22	3,00	-13,42

loss	-	-	-	-	-	-	-	-
Other operating income	-3 785	-415	-415	-415	-70,81	-26,60	-36,24	-56,85
Administrative expenses	-498	62	2	3	26,18	-2,58	-0,09	-0,13
Selling expenses	-14 62	-3 954	-1 100	-1 100	-2 421	63,91	10,85	9,79
Other operating expenses	-1 309	3 716	150	150	246	-66,70	-8,09	-8,80
Financial result from operating activities: profit	-34	1 869	484	-1 955	-3,88	221,71	17,85	-61,17
loss	-	-	-	-	-	-	-	-
Other financial income	2	-2	0	2	-	100,00	-	-
Other income	2 267	-	-	9 706	2 267	-	-	9 706
Other expenses	177	4 548	4 548	4 550	804,55	2285,4	95,81	48,95
Financial result before tax: profit	503	-3 200	-4071	-6 133	79,21	-281,20	197,43	-118,56
loss	-	-	-	-	-	-	-	-
Expenses (income) from income tax	-373	16	-1 018	242	236,08	-3,01	197,67	-49,38
Net financial result:								
profit	-382	-1 547	-4 600	362	-80,08	-1728,42	197,35	-107,87
loss								

Source: appendics A.

Analyzing the data obtained, we can conclude that in 2016 the financial results after 2015 decreased significantly. It should be noticed, that in 2015 the company was founded, that's why in 2015 company didn't have a huge meaning of the net profit. Gross profit increased by UAH 923 thousand. (82.41%), this is twice more than the meaning of this index in 2015. This is primarily due to the fact that in 2018 decreased the growth rate of cost of goods sold, an increase in interest instead of 18.98% and 11.12% in 2015 and 2016, respectively, in 2018 2.94%% (34707 thousand UAH. ). There is also a decrease in such indicators as gross profit, financial result from operating activities, financial result before tax and net financial result by 954, 1790, 1892 and 1322 thousand UAH, respectively, which is equivalent to an increase of 95.86%, 668%, 254.07%, 250.44%.

For a more detailed analysis of financial and economic activities of the enterprise, consider a number of indicators, for a more detailed analysis of the state of the enterprise, based on reports on financial condition and results, table 1.4 is presented.

*Table 1.4*

**Indicators of business activity of the “Milstone” in 2015-2019**

Indicator	Meaning					Absolute deviation, thousand UAH			
	2015	2016	2017	2018	2019	2016/2015	2017/2016	2018/2017	2019/2018
Asset turnover ratio	1,27	1,78	1,83	2,09	2,53	0,51	0,05	0,26	0,44
Turnover of receivables	0,92	0,29	-1,64	-4,28	0,30	-0,63	-1,92	-2,64	4,58
Accounts payable turnover	2,00	2,99	21637	2,68	2,56	0,99	21634	-21634	-0,12
Maturity of receivables, days	5,13	2,20	5,66	5,78	5,71	-2,93	3,45	0,12	-0,06
Maturity of accounts payable, days	0,50	0,00	0,02	0,37	0,39	-0,50	0,02	0,36	0,02
Inventory turnover ratio	57,76	86,29	71,41	71,70	76,69	28,53	-14,9	0,29	4,99
Fixed assets turnover ratio (return on assets)	4,21	5,58	3,55	4,12	4,86	1,38	-2,03	0,56	0,75
Equity turnover ratio	4,65	5,56	6,27	6,90	7,73	0,92	0,71	0,63	0,83

*Source: conducted by the author due Appendix A and B.*

The asset turnover indicator demonstrates the efficiency of the use of the company's assets. The positive trend is that in 2019 the figure increased compared to 2018 by 0.05, ie the company became more efficient in using its resources. The table shows that in 2019, for every UAH of borrowed funds, goods worth 1.31 UAHs were sold. The duration of receivables turnover is an indicator of the effectiveness of customer relations, which gives an idea of the payment discipline of customers [7]. The data show that the policy of receivables management is unstable, as the indicators for the last three years fluctuate significantly. The maturity of receivables in 2019 was 19.28 days. The accounts payable repayment ratio is used to assess the effectiveness of accounts payable management. As can be seen from the table, the company effectively manages accounts payable, because the debt repayment period is possible for an average

of 1.25 days. It is worth noting that the company is able to fully finance its debtors through creditors, which has a positive effect on liquidity and financial condition in table 1.5.

*Table 1.5*

**Indicators of liquidity and solvency of the “Milestone” LLC 2015-2019**

Indicator	Meaning					Absolute deviation, thousand UAH			
	2015	2016	2017	2018	2019	2016/2015	2017/2016	2018/2017	2019/2018
Monetary solvency ratio	0,01	0,01	0,08	0,07	0,06	0,00	0,08	-0,01	-0,01
Total liquidity ratio	3,96	0,979	0,421	0,426	0,430	-0,45	-0,56	0,01	0,00
Rapid liquidity ratio	3,77	0,86	0,33	0,33	0,32	-2,91	-0,53	0,00	-0,01
Net working capital	-1808	19022	20780	2128	-2679	20830	1758	-18652	-4807
Solvency ratio	3,96	0,98	0,42	0,43	0,43	-2,98	-0,56	0,01	0,00
Funding ratio	3,22	2,54	1,42	1,43	1,45	-0,68	-1,12	0,02	0,02
Coefficient of own working capital	-0,19	1,59	2,36	2,36	2,38	1,78	0,77	0,00	0,01
Equity maneuverability ratio	-0,50	-0,95	-1,17	-1,07	-0,98	-0,45	-0,22	0,10	0,09

*Source: conducted by the author due Appendix A, B.*

The normative value of the absolute liquidity ratio should be in the range of 0.1-0.2, and at the enterprise, as can be seen from the table, this figure is much lower than the normative, which means that for each UAH of current liabilities is about 0.02 UAH cash and cash equivalents. Cash does not participate in the production and marketing process and does not generate income for the company. As a result, it can be argued that much of the capital is diverted to the formation of unproductive assets.

The coverage ratio is within the normative value (1-3), which indicates that the company can meet its obligations in a timely manner. That is, at the end of 2019, the company has 1,027 UAHS for every UAH of current liabilities. The negative is that comparing 2016 with 2019, the figure decreased by 1.7 times.

The liquidity solvency ratio is less than one, which indicates a large number of current and long-term liabilities in the balance sheet of the enterprise. But, analyzing the dynamics of the indicator for four years, it is seen that every year it decreases, which is

a negative phenomenon. The company should strive to ensure that this ratio is more than one and the higher the figure, the better.

The critical liquidity ratio shows how liquid the company's assets are. The indicators at the enterprise are within the normative value and are highly liquid, and therefore, current assets are used efficiently, which leads to an increase in profitability and is presented in table 1.6

*Table 1.6*

**Profitability indicators in “Milestone” LLC 2015-2019**

Indicator	Meaning					Absolute deviation, thousand UAH			
	2015	2016	2017	2018	2019	2016/2015	2017/2016	2018/2017	2019/2018
Return on assets ratio	1,70	2,38	2,54	2,91	3,39	0,68	0,16	0,37	0,48
Return on equity	4,65	5,56	6,27	6,90	7,73	0,92	0,71	0,63	0,83
Product profitability ratio	1,31	0,18	-2,6	-6,8	0,48	-1,14	-2,75	-4,30	7,34
Profitability ratio	0,02	0,00	-0,04	-0,1	0,01	-0,02	-0,04	-0,06	0,10

*Source: conducted by the author due Appendix A, B.*

The calculations given in Table 1.6 show that the return on assets of the State Tax Administration “NCUVKZ” for the studied period was extremely low, and in some years (2015,2017) - negative, but its negative value decreased significantly in 2018 compared to since 2015.

Return on equity indicates how efficiently equity is used. The return on equity of the company in 2018 increased by 100% compared to 2015. From this we can conclude for shareholders that it is promising to invest in this company at such future growth rates. The efficiency of using equity is high. The profitability of products on net income varies greatly: in 2015 the figure was at -19.74, and in 2018 increased by 207.5%. Each UAH of sales in 2019 brought the company 7.79 UAHs of net profit.

Indicators of the property status of the enterprise reflect the overall value of assets that are on the balance sheet of the enterprise, table 1.7

### Analysis of property indicators “Milstone” LLC 2015-2019

Indexes	Meaning					Absolute deviation, thousand UAH			
	2015	2016	2017	2018	2019	2016	2017	2018	2019
Depreciation rate of fixed assets	0,91	0,80	0,75	0,76	0,78	-0,10	-0,05	0,01	0,02
The coefficient of suitability of fixed assets	-	2,57	1,39	0,98	0,94	-	-1,18	-0,41	-0,04
The ratio of the real value of fixed assets in the value of property of the enterprise	8,39	3,80	2,85	2,26	2,48	-4,59	-0,95	-0,58	0,22

Source: conducted by the author due Appendix A, B.

The depreciation rate of fixed assets shows us a tendency to increase the level of suitability of fixed assets of the enterprise, which indicates an improvement in the technical condition of machinery and equipment, renewal [8].

The coefficient of suitability of fixed assets shows a downward trend, which indicates a decrease in the share of residual value from the original cost for 2016-2019, the technical condition of the equipment is unsatisfactory, but it should be noted that it is periodically updated [8].

The ratio of the real value of fixed assets in the value of the property of the enterprise during 2015-2019 shows us a decrease in the share of residual value of fixed assets in the total value of the enterprise, from 8.39 to 2.48.

So, in summary, we can say that the company needs to pay more attention to liquidity and solvency, because not all ratios meet the regulatory values, which means an unstable position of the company. Dynamics show that the situation is getting worse every year, it may be necessary to restructure funds, attract investors to finance the company, as the industry of the enterprise activity is quite promising for development both inside and outside the country, which will bring more profit [9]. Other indicators are within the norm.

### 1.3. Analysis of FEA of the “Milestone” LLC

FEA analysis is an analysis of relations between countries in the field of economy.

The objects of FEA analysis are:

- property and sources of its formation of enterprises participating in foreign economic activity;
- economic processes consisting of a set of foreign economic transactions;
- results of foreign economic activity [10].

The analysis of foreign economic activity takes into account various factors that affect the results of the enterprise in the foreign market. Factors are understood as the conditions of economic processes or the reasons that cause their changes.

Next, we assess the main indicators of foreign economic activity of the enterprise. The database of analytical information is contained in the primary accounting and statistical accounting, accounting and tax and statistical reporting, internal accounting reports.

The analysis of the foreign economic activity also engages the analysis of the trade positions and geographical structure.

The volume of sales of the main types of products, services or works produced (carried out) by “Milestone” LLC is presented in Table 1.8.

*Table 1.8*

#### **Sales of the main types of products of “Milestone” LLC, 2015-2019, thousand UAH**

<b>Products</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Computers	3380	7045	7259	9038	11760
Peripheral equipment	2107	2168	2124	2649	4890
Software	2113	3660	4659	6660	7302
Services	1746	2402	3378	3282	4328
Printing	648	974	1219	1930	2850
<b>Total</b>	<b>9994</b>	<b>16249</b>	<b>18639</b>	<b>23558</b>	<b>31130</b>

*Source: conducted by the author due the information from the “Milestone” LLC.*

Table 1.8 shows us that the main trade position in export in 2015 was computers, peripheral equipment and software, services and printing took fourth and the fifth place in this rating. But in 2019 the volume of trade position changed, we can see it at the fig. 1.3.

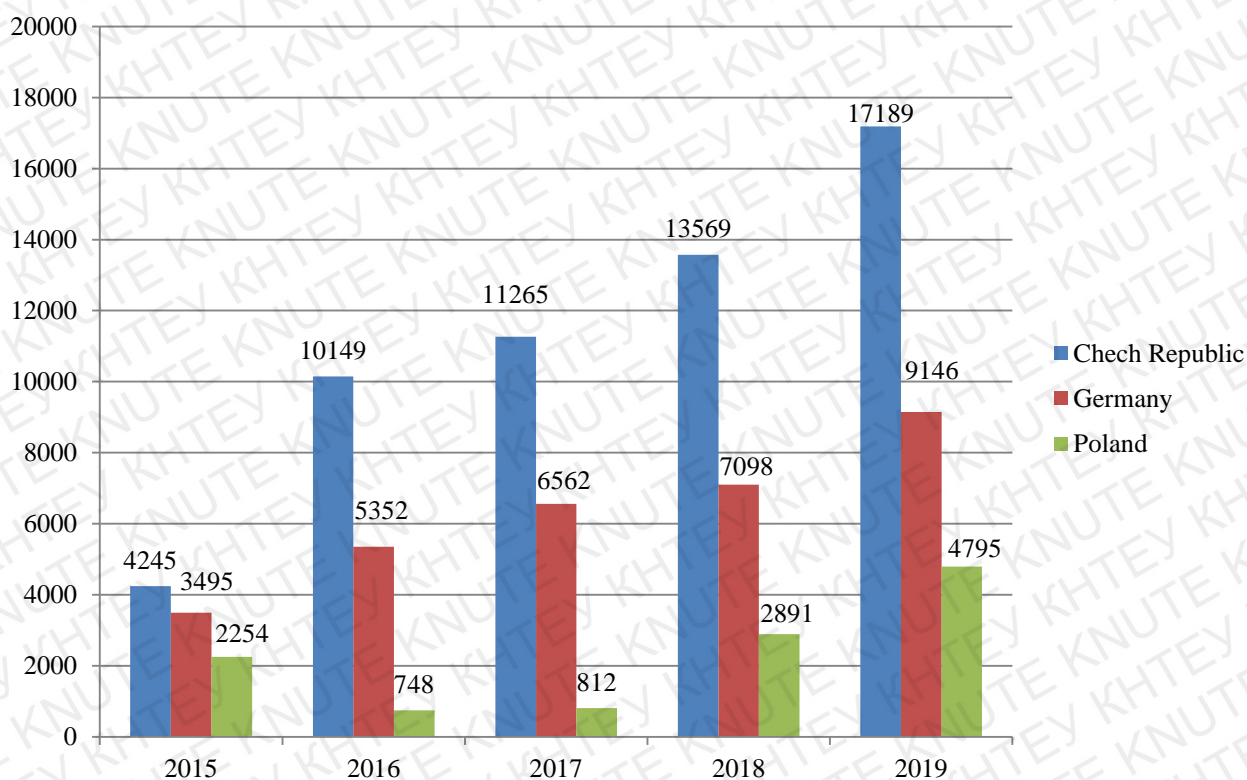


**Figure 1.3 – The trade positions of “Milestone” LLC in 2015-2019, %**

*Source: conducted by the author due the information from the “Milestone” LLC.*

During 2015-2019 trade products changed their position, for example in 2015 the second position was for the peripheral equipment – 21,08%, in 2018 it decreased to 11.24 and in 2019 reached 15,71% of the total amount of goods. Computer trade position increased by 4,04% compared to 2015. The percent of the software increased from the 21,14% to 23,46% in 2019. The amount of the services from 2015 also decreased from 17,47% to 13,9% in 2019 and the amount of printing grew up from 6,48% to 9,16% in 2019.





**Figure 1.4 – Geographical structure of the export positions 2015-2019, thousand UAH**

*Source: conducted by the author due the information from the “Milstone” LLC.*

As it can be seen from the figure 1.4 – the main three countries to which “Milstone” LLC exports are Czech Republic, Germany and Poland. The top-exporter is Czech Republic – in 2015 the amount of export was 4245 thousand UAH (42,5% of the general structure) and it increased to 17189 thousand UAH (55,2% of the general structure). Germany is the second country in a volume of export with the meaning of 3495 thousand UAH (34,97%) in 2015 and during 2015-2019 its volumes increased to 9146 in 2019. Poland takes the third place with the meaning of 2254 thousand UAH. During 2015-2019 volumes of export to Poland were not stable: in 2016 it reached its minimum meaning – 748 thousand UAH (22,55%), but in 2019 it increased to 4795, but the percent of the general structure decreased to 15,4%.

To characterize the work of the enterprise in the field of imports, its volumes for the reporting year are compared with the volumes of the previous year. To assess the effectiveness of the import management system, consider the geographical structure of the largest importers of ‘Milstone’ LLC for 2015-2019, table 1.9.

Table 1.9

**The volume of foreign economic activity in the amount of net income of LLC  
"Milstone" 2015-2019, thousand UAH**

№	Indicator	2015	2016	2017	2018	2019
1	Net income from sales of products (goods, works, services)	36341	54237	60125	66976	75926
2	Cost of goods sold (goods, works, services)	27149	40558	43274	48184	56596
3	Gross profit	9192	13679	16851	18792	19330
4	Net income from sales of products in foreign markets (goods, works, services) - exports	9993,58	16249,2	18639,25	23558,3	31129,58
5	Cost of goods sold in foreign markets (goods, works, services)	6890,2	12389,5	14599,4	18620,5	25699,4
6	Net income from sales of imported products (goods, works, services) - imports	3699,5	5526,8	9018,5	12725,8	15922,8
7	Cost of sold imported products (goods, works, services)	1890,5	2860,5	5960,8	9200,5	12558,8

Source: conducted by the author due the information from the "Milstone" LLC.

Also we need to see the part of the income generated by the foreign economic activity.

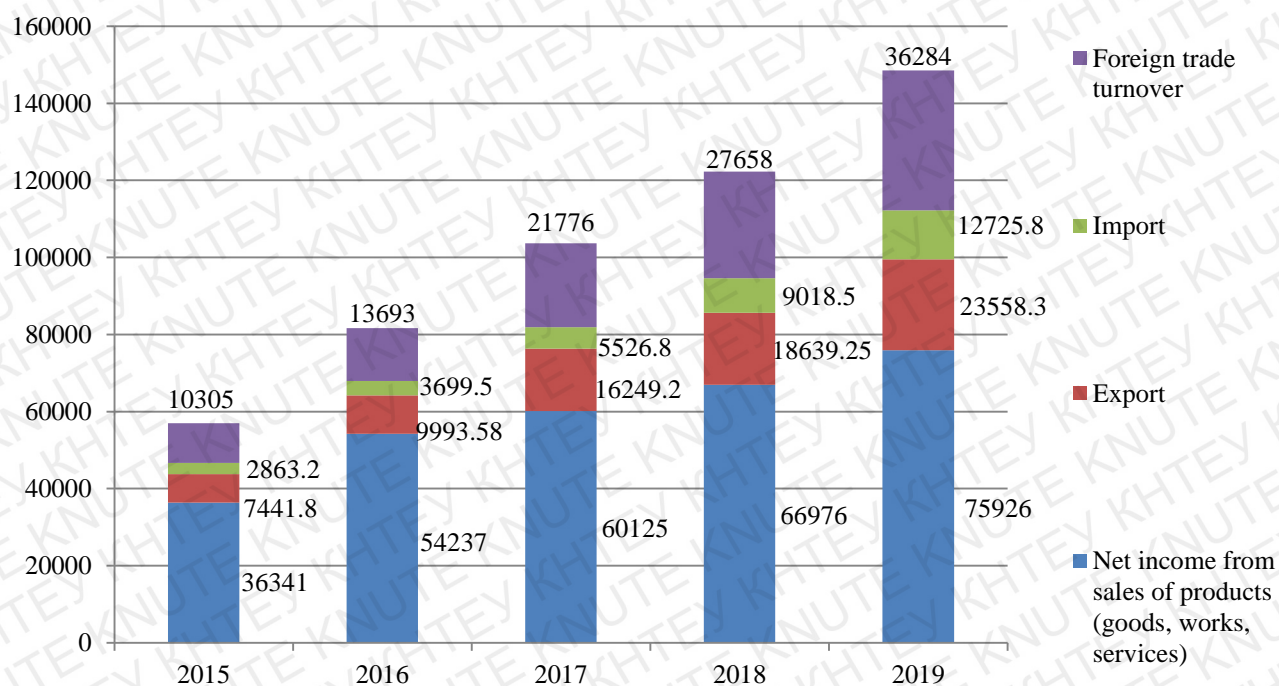
Table 1.10

**Dynamics of foreign economic activity in the structure of net income of  
"Milstone" LLC 2015-2019, thousand UAH**

Index	Volume in thousand UAH					Volume in percent, %				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
Net income from sales of products (goods, works, services)	36341	54237	60125	66976	75926	100	100	100	100	100
Export	7442	9994	16249	18639	23558	20,5	18,4	27	27,8	31
Import	2863	3700	5527	9019	12725	7,8	6,8	9,2	13,5	16,7
Foreign trade turnover	10305	13693	21776	27658	36284	28,4	25,3	36,2	41,3	47,7

Source: conducted by the author due the information from the "Milstone" LLC.

Table 1.10 shows us that the income from the foreign operations is 10305 or 28.4% in 2015. During the years the meaning of the foreign trade turnover grew up to 36284, which is 47.7% from the general net income from sales of products.



**Fig. 1.5 – The volume of the foreign trade turnover in “Milestone” LLC 2015-2019**

*Source: conducted by the author due the information from the “Milestone” LLC*

From the figure 1.5 we can make the conclusion that the volumes of a net income grew up twice.

Net income from the export operations export activity was 7442 thousand UAH, which is 20.5% from the general net income, but till 2019 it increased to 23558 thousand UAH.

If it comes to the net income from import activity its meaning in 2015 was 2863 thousand UAH, which make up 7.8% of all the net income and till 2019 it increased to 12725 thousand UAH (16.7%).

So, we can make a conclusion, that “Milestone” LLC expands its foreign economic activity and the consumption on the domestic market decreases, so we can say, that the “Milestone” LLC becomes more foreign trade-oriented.

Table 1.11

**The volume of the gross profit of “Milestone” 2015-2019, thousand UAH**

№	Indicator	2015	2016	2017	2018	2019
1	Gross profit (general)	9192	13679	16851	18792	19330
2	Gross profit from exports	3103,38	3859,7	4039,85	4937,8	5430,18
3	Gross profit from imports	1809	2666,3	3057,7	3525,3	3364
	<b>Gross profit from FEA</b>	<b>4912,98</b>	<b>6525,5</b>	<b>7097,55</b>	<b>8463,1</b>	<b>8794,18</b>

*Source: conducted by the author due the information from the “Milestone” LLC.*

From the table 1.11 we can see that the volume of the gross profit from FEA is 4912,98 thousand UAH, which was 53,5% of general gross profit.

During four years the amount of gross profit from FEA increased to 8794.94, which is 45,5% of the total amount. So, we can make a conclusion, that despite the growth in quantitatively amount, but the absolute deviation is -8%, which is negative.

Also as the volume of gross export from the general meaning is 63,2% in 2015, during 4 years this meaning decreased to 61,7%.

In addition to this, we should notice, that the difference is not significant. So, after analyzing the structure, trade positions and geographical focus we should also calculate its efficiency. To do that we should use the methodological basis, presented in the table 1.12.

Table 1.12

**Indicators of efficiency of foreign economic activity of the enterprise**

Indicator	Formula	Legend
Currency import efficiency	$K_{BI} = \frac{\sum_{j=1}^n Z_{imp j}^{unit} * N_{Ij}}{\sum_{j=1}^n CP_{imp j}^{unit} * N_{Ij}}$ <p align="center">(1.1)</p>	<p>where <math>Z_{imp j}^{unit}</math> – is the unit price of the jth goods (service);</p> <p><math>CP_{imp j}^{unit}</math> - currency price per unit of j-th goods (services);</p> <p><math>N_{Ij}</math>- number of units of j-th goods (service);</p> <p>n - number of names of goods (services) in the import equivalent.</p>

Currency efficiency of exports	$E_{cur.ex.} = \frac{\sum_{i=1}^m \Pi_{ex.i.} * Q_{ex.i.}}{\sum_{i=1}^m 3_{im.j} * Q_{ex.i.}} \quad (1.2)$	where Tsek.i. - currency price of the i-th export goods or services, shaft. units; Q.i.– the volume of exports of the i-th product or service, in kind. units; Zek.i. - costs of production and sale of a unit of export goods or services, UAH / unit; m - the number of goods or services in the export equivalent.
Coefficient of efficiency of foreign economic activity of the enterprise	$K_{ef.fea.} = \frac{V_{fea}}{C_{fea}} \quad (1.3)$	where V fea - revenue from export-import operations, UAH; C fea - full cost of export-import operations, UAH
Profitability of foreign economic activity of the enterprise	$P_{fea} = \frac{FR_{fea} / o - (1 - Cop)}{CFEA} * 100 \quad (1.4)$	where FR fea d / o - financial result (profit) from foreign economic activity before taxation, UAH; C op - income tax rate.

Source: conducted by the author due [11].

So due the methodical basis we will calculate the efficiency of foreign economic activity. The result of all the indexes will be put in table 1.13.

Table 1.13

**Indicators of efficiency of foreign economic activity of the "Milestone" LLC  
2015-2019**

Index	2015	2016	2017	2018	2019	Deviation +/-
Currency export efficiency	0,47	0,47	0,37	0,41	0,44	+0,3
Currency import efficiency	30,7	34,5	37,8	39,5	40,4	+9,7
Coefficient of efficiency of foreign economic activity of the enterprise	55,95	42,79	34,52	30,42	22,99	-32,96
Profitability of foreign economic activity of the enterprise	45,88	35,09	28,31	24,94	18,85	-27,03
Profitability of export	36,93	25,55	22,69	21,74	17,33	-19,61
Profitability of import	78,46	76,43	42,06	31,42	21,96	-56,50

Source: conducted by the author due to Appendix A, B.

Currency export efficiency that characterizes the currency efficiency does not correspond to the question of the profitability of a transaction. It is necessary for this

assessment compare with the corresponding database. In the case of a convertible currency (for example, UAH) the basic indicator is the exchange rate. To assess the currency efficiency of export operations uses the reverse exchange rate currencies, to assess the import - a direct rate.

If the currency efficiency ratio is greater than the inverse currency exchange rate, these transactions are currency effective, table 1.14.

*Table 1.14*

**Currency rate in Ukraine 2015-2019**

<b>Currency rate</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Euro per 1 UAH	24.23	28.29	30.0	32.14	28.95
Currency export efficiency	0,47	0,47	0,37	0,41	0,44
Currency import efficiency	30,7	34,5	37,8	39,5	40,4

*Source: conducted by the author due to [12].*

So, analyzed the currency rate of the euro during 2015-2019 we can say that the export, as well as import operations were held efficient.

The FEA indicator is in its normative value (more than 1), but the dynamics of this indicator is quite negative, for the last 5 years the coefficient felt by -32.96 points. As we can see, there is a problem with the profitability of foreign trade.

Also, the profitability of foreign economic activity of “Milestone” LLC showed the normative value, however, the dynamics is negative. The dynamics is regressing, so the CEO of “Milestone” LLC should review the situation with costs and draw up a strategic action plan to improve these indicators.

## Conclusions to Section 1

We have analyzed the characteristics of “Milestone” LLC. So, we have identified the main components of the company's competitive profile: the main strengths are already established in the market and a positive image of the company, as well as the implementation of a new product. Weaknesses include, first of all, a competitive pressure and increased centralization of production. Opportunities include developing and implementing a new marketing strategy and products. As for threats, the main ones are pressure from competitors and a failed advertising campaign that can deal a reputational blow.

We found out in the course of the conducted SWOT-analysis, that the company exists in a fairly stable environment, however, in order to obtain additional competitive advantages, “Milestone” LLC should work on its brand image and widen its activity abroad, thereby strengthening its position in the market.

While analyzing the financial and economic statement of the “Milestone” LLC. In summary, we can say that the company needs to pay more attention to liquidity and solvency, because not all ratios meet the regulatory values, which means an unstable position of the company. Dynamics show that the situation is getting worse every year, it may be necessary to restructure funds, attract investors to finance the company, as the industry of the enterprise is quite promising for development both inside and outside the country, which will bring more profit. Other indicators are within the norm. So, analyzed the currency rate of the euro during 2015-2019 we can say that the export, as well as import operations were held efficient. The FEA indicator is in its normative value (more than 1), but the dynamics of this indicator is quite negative, for the last 5 years the coefficient felt by -32.96 points. As we can see, there is a problem with the profitability of foreign trade. Also, the profitability of foreign economic activity of “Milestone” LLC showed the normative value, however, the dynamics is negative. The dynamics is regressing, so the CEO of “Milestone” LLC should review the situation with costs and draw up a strategic action plan to improve these indicators.

## **SECTION 2. WAYS FOR IMPROVEMENT THE EFFICIENCY OF FEA OPERATIONS AT “Milestone” LLC**

### **2.1. Substantiation of the reserves for the increasing the efficiency of the enterprise`s foreign economic activity of “Milestone” LLC**

Based on the results of the information of FEA of the enterprise of various approaches and views on the content of the process, sequence and method of decision-making, the practical implementation in relation to the main type of foreign economic activity – foreign trade.

At the stage of identifying problems, attitudes and specifying the goals of conducting export activities, the very concept of foreign economic activity is analyzed, approximate plans are built that are not based on calculations.

At the stage of analyzing the current state of the internal and external environment of the enterprise, assessing the prospects and risks, the external and internal environment of the enterprise is analyzed. When analyzing the internal environment, the production and technical capabilities of the enterprise are assessed. It is also worth considering the degree of dependence on imports of external semi-finished products for production. Indeed, if in the absence of a sufficient share in the domestic market, where in case of shock situations it is possible to send goods not sold for export, there is a risk of suffering catastrophic losses associated with price risks, as well as the volatility of the national currency.

“Milestone” LLC is a trade company, which exports machinery and equipment. Now its activity is regulated by the intermediary Ukrainian company, which has connections abroad: Czech Republic, Germany and Poland, that`s why the export activity of the “Milestone” LLC is regulated in those countries. Besides, the volumes of the export activity tend to grow from 2015 to 2019, but we are sure that the potential export of the “Milestone” LLC is more than it is now. Also it is vital to note, that the existing intermediary company has 3PL system of the logistics, but nowadays 3PL system in Europe is increasing less than 4PL system.

So, we should compare this systems to understand the best option for the enterprise, table 2.1.



Table 2.1

### Comparison of 3 PL and 4PL logistic system

Criteria	3PL	4PL
Local (local) scale of activity	+	
High level of logistics assets	+	
Transportation by own vehicles	+	
Warehousing / storage (long-term)	+	+
Cross docking	+	+
Customs control	+	+
Execution and possible outsourcing of services	+	+
Overload, including on other vehicles	+	+
Consolidation of shipments	+	+
Financial support (organization of payments for services)	+	+
Tracking of cargo dislocation and other types of information support (telematics, tracking)	+	+
Consulting services	+	+
Preparation of export-import and freight documentation	+	+
Keeping records and managing the balance of goods in the warehouse	+	+
Additional services with added value (packaging, distribution, return of containers, etc.), pre-sale and after-sale preparation	+	+
Coordination and optimization of cargo movement	+	+
Preparation of solutions related to logistics chain management	+	+
Management and control of all transport and logistics processes of the client's company taking into account long-term goals		+
Strategic supply chain planning aimed at customer competitiveness		+
Strategic planning of customer transportation		+

*Source: created by the author on the basis of [13].*

From tables 2.1 it is possible to notice that services in their left extreme column are located (from top to bottom and in ascending order of numbers) so that the maintenance of these services testifies to all higher professional level of the logistical provider, more variety of services provided by it, which allows it to occupy a significant market share and a strong position in it. Therefore, the serial number of the service in

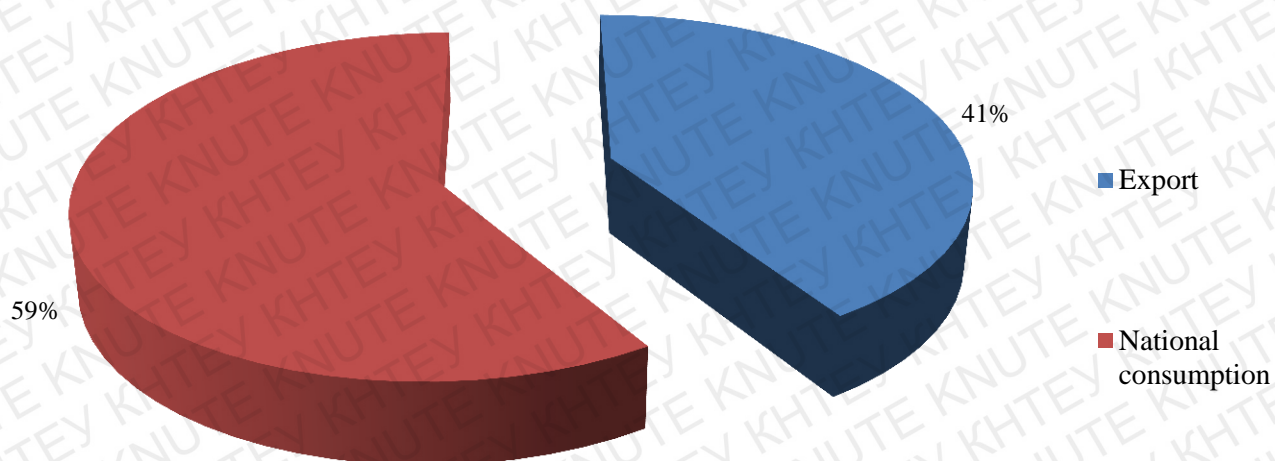
table 2.1 is a kind of "score" that is added with each service to the total rating of the logistics provider. Of course, such ratings of logistics providers are quite conditional, but they provide some evaluative information about the market and "players" in the market.

It is necessary to review 3PL - complex logistics outsourcing. The 3PL level is the outsourcing level, when the cargo owner himself is no longer involved in external logistics. 3PL providers are highly qualified logistics providers with a wide range of services that combine several (or the vast majority) of logistics functions. At this level, the provider is not yet integrated into the client's business - it is simply a delivery contractor not involved in planning the entire logistics chain of the enterprise.

Concerning 4PL system it is integrated logistics outsourcing. 4PL - the level of outsourcing, in which the manufacturing company engages a logistics outsourcer not only to perform the functions of integrated transport logistics, but also delegates to him the tasks of designing and planning supply chains and managing logistics business processes at the enterprise. According to experts, now the total volume of the world market for such contract logistics is more than \$ 200 billion [14].

The 4PL provider is the organizer of the entire logistics chain of the enterprise, combining the functions of a consulting company, a manager of logistics business processes and a 3PL provider. The key to his success is providing the most optimal solutions for the client due to the high level of his professional competencies and attracting reliable and qualified contractors - 3PL-providers to cooperation.

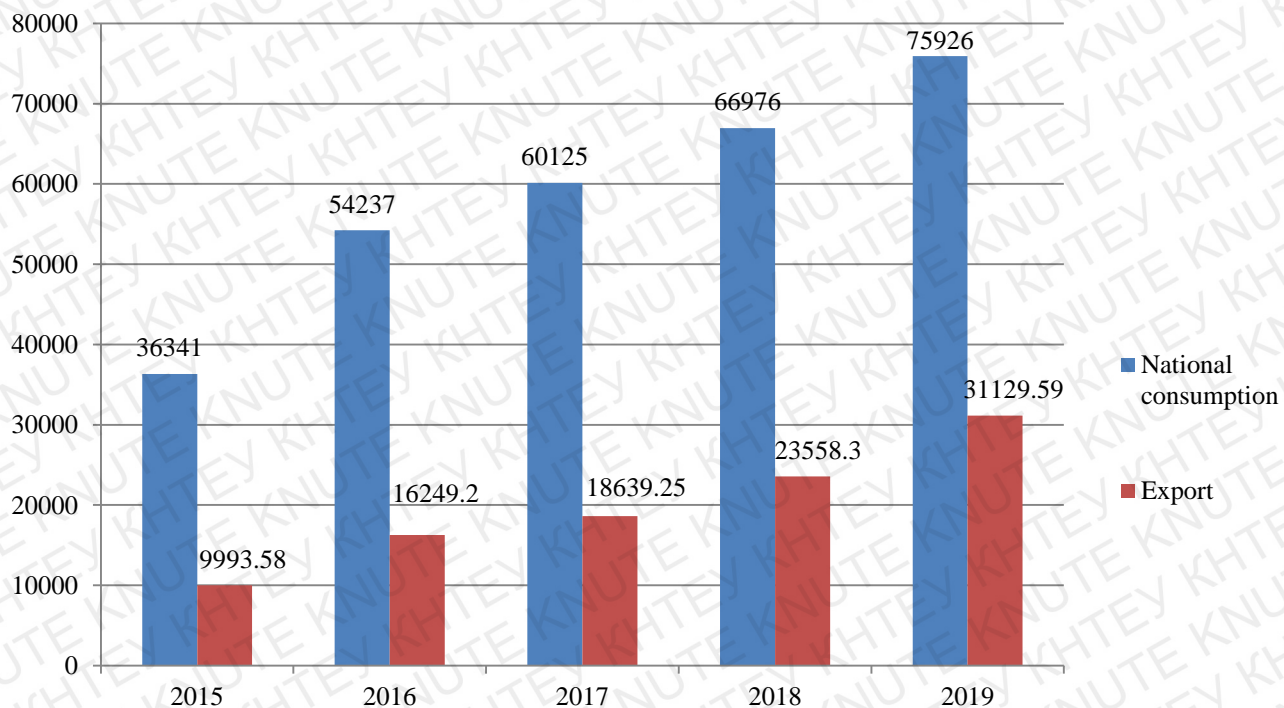
The second problem, which we figure out is the focus on the national consumption. We are sure, that for the trading company national market is limited by the national consumption and high level of the competition and rivals. Also, we can mention smoothing out sharp fluctuations in demand, extension of the product life cycle (time of sale of the product as a whole), reducing risks due to their dispersion and geographic diversification of operations. So we can analyze the volumes of the trade, which is presented at fig. 2.1.



**Fig. 2.1 - The volume of foreign economic activity in the amount of trade of LLC "Milestone" 2019, thousand UAH**

*Source: created by the author.*

As we see from the fig. 2.1 – the percentage of the export activity of “Milestone” LLC in 2019 is 41%. Also we should analyze its dynamics, which is showed at fig. 2.2.



**Fig. 2.2 – The dynamics of the national consumption and export volumes of the income, thousand UAH**

*Source: created by the author.*

From the table 2.2 we can make a conclusion that the volumes of the trade are increasing in the natural and the percentage meaning both. In 2015 the percentage of the export contracts was 27,5% and within years to 2019 it increased to 41% in 2019.

The next step is the Porter 5 forces analysis to understand the possible risks and be ready to handle with them.

Michael Porter, using the five building blocks that are specific to each industry, described the ways to create competitive advantage and long-term profitability of a product, as well as the ways in which a company can maintain its profitability and remain competitive in the long term and choose the strategy of growth, table 2.2.

*Table 2.2*

**Porter 5 forces analysis of the decision to expand export activity of “Milestone” LLC**

<b>№</b>	<b>Force</b>	<b>Explanation</b>
1.	The threat of new players appearing	The possibility of the emergence of new players in the industry is due to the level of entry barriers. Trading in this area is quite specific, because it includes initial investments in the company and information technology. Therefore, it should be noted right away that the appearance of a new player is difficult, but not excluded.
2.	The level of competition within the market	The competition in the industry is mainly for new technologies and for the price of goods. Whoever has newer technology and lower price of the product obviously wins this race.
3.	Product threat	For the products produced, the threat of the appearance of substitutes is significant, since there are no significant differences between product varieties, and in the event of a fundamentally new variety, the enterprise has the opportunity to purchase material on the free market.
4.	Bargaining power of suppliers	The bargaining power of suppliers is manifested in their ability to increase the price or decrease the quality of the goods and services supplied. Fluctuations in prices and understating the quality of machinery in the main supply can overestimate their cost.

5.	Bargaining power of buyers	The market power of buyers is manifested in the possibility of influencing the company, as well as in the reaction of the consumer's sensitivity to price changes. The industry produces machinery and equipment products sold at negotiated prices, so the price is the different for the entire industry.
----	----------------------------	---

*Source: created by the author.*

So we see that the expanding its activity is quite contradictory because it has some risks with the suppliers and the saturation of the trade area of the machinery and equipment.

The economist M. Porter identifies three basic strategies of competition:

- 1) cost leadership;
- 2) differentiation;
- 3) focusing.

In this case we should choose the strategy of the cost leadership and the differentiation to overcome rivals and to set the stable position on a new market.

So in this case we are sure that the best solution is to change the intermediary company and choose the European one, which cooperates with more European countries in order to expand the activity of “Milstone” LLC and to maximize net income. As a result of the analysis of the foreign economic activity of “Milstone” LLC, the main problem with the transportation of products was identified, which increases costs, as well as negatively affects the expansion of sales markets and reduces the competitive ability abroad. Therefore, it is advisable to revise the entire system of organizing transportation.

After analyzing the export potential and assessing the capabilities of “Milstone” LLC, it can be noted that the company occupies a fairly stable position in the domestic markets and is located in close proximity to modern centers of economic growth. The company also has sufficient trade capacity to increase trade volumes and enter new sales markets. Therefore, we will develop a set of measures aimed at improving the export activities of the enterprise in the next part of the paper.

## 2.2. Proposals of improving the effectiveness of FEA of the “Milestone LLC”

So, we analyzed the resources of the increasing the effectiveness of the export activity of “Milestone” LLC and found the following problems:

- 1) Cooperation with the non-effective intermediary.
- 2) Product diversification.
- 3) The implementation of the strategy of cost leadership export direction.

As a result, we will analyze the proposals and decide whether they are effective.

1) So the first reserve, as we found is changing the intermediary company. We are going to find another one, located in Europe. In Ukraine now “Milestone” LLC cooperates with “Veka” LLC. So, firstly, we should analyze its market and choose another one, table 2.3.

*Table 2.3*

### Comparison of the potential intermediaries of “Milestone” LLC

Criteria	“Veka” LLC	Europe Transport Ltd	Flash Europe International
Percentage of the income paid to intermediaries, %	30	40	45
System, which intermediary uses	3PL	4PL	4PL
Who exports to the warehouse	customer	customer	intermediary
Expected sales, thousand euros	1000	3400	4000
Countries to which exports	Czech Republic, Germany, Poland	All EU countries	All EU countries

*Source: created by the author.*

As we see from the table 2.3 “Veka” LLC takes the lowest level of the fee, but the company should provide delivery to the warehouse of the intermediary, the level of the expected sales is 1000 thousand euros per year.

Europe Transport Ltd has a higher level of the fee – 40%, but the intermediary uses 4PL system and takes commitment to deliver the goods to the warehouse, but the expected income will be much higher – 3400 thousand euros.

Flash Europe International has the highest percentage of the analyzed intermediaries – 45%, it also uses 4PL system and the expected income is 4000 euros. The export activity is provided to all of the EU countries.

So we decide to cooperate with the Flash Europe International, as it gives more profit to “Milstone” LLC, let`s analyze its advantages and discuss the necessity of the proposed measures.

The advantage of the 4PL-approach is designed to optimize the supply chain for the manufacturer's company as a whole by influencing the following components: increasing demand for logistics services, reducing transportation costs, increasing capital turnover time, reducing the delivery time of goods, and improving control over transportation in real time. To obtain higher operational indicators, the list of 4PL intermediary services should include: creation of control and optimization of transportation, development and management of logistics, tracking order execution, planning optimal routes, control of material flows, integrated inventory and value added management, quality management and leasing of transport capabilities, maintaining a single document flow.

We have also to compare the value of the expected income of “Milstone” LLC. It is vital to mention, that the expected percentage growth is +25% (based on the increase of income of “Milstone” LLC in 2015-2019).

*Table 2.4*

**The value of the net income of the “Milstone” LLC, thousand UAH**

Intermediary	2021	2022	2023	2024	2025	Financial result after paying fee in				
						2025				
						2021	2022	2023	2024	2025
“Veka” LLC	1000	1250	1562	1953	2441	700	875	1093,7	1367,1	1708,9
Europe Transport Ltd	3400	4250	5312	6640	8300	2040	2550	3187,5	3984,3	4980,4
Flash Europe International	4000	5000	6250	7812	9765	2600	3250	4062,5	5078,1	6347,6

*Source: created by the author.*

From the table 2.4 we can make a conclusion, that the best income from export activity will be from the cooperation with Flash Europe International, as the financial result after paying commission is the highest of the existing ones – 6347,64 thousand euros.

2) Competitive strategies are key to market success. Therefore, in order to gain the best market positions, build a brand and achieve advantages in relation to competitors in the market, strategy should be used as the basis for gaining benefits from competitive advantage.

Diversification can be carried out in various forms or combinations thereof:

- prestige of design or brand;
- special technology;
- functionality;
- customer service conditions;
- dealer network;
- other parameters [15].

This creates brand loyalty among consumers, and it is not easy to find substitutes for products offered by firms pursuing differentiation strategies. Also, there are financial reserves for finding alternative sources of input resources.

International exhibition activities of industrial enterprises are activities aimed at preparing, holding an exhibition event, ensuring, within the framework of a given strategy, participation in an international exhibition, the formation and implementation of economic, including export potential, and the achievement of strategic goals of participation in an international exhibition and in the post-exhibition period [15].

At exhibitions and fairs, organizations use samples to demonstrate produced goods and services in order to study market conditions and promote their sales. None of the marketing techniques are as effective as exhibitions. Because:

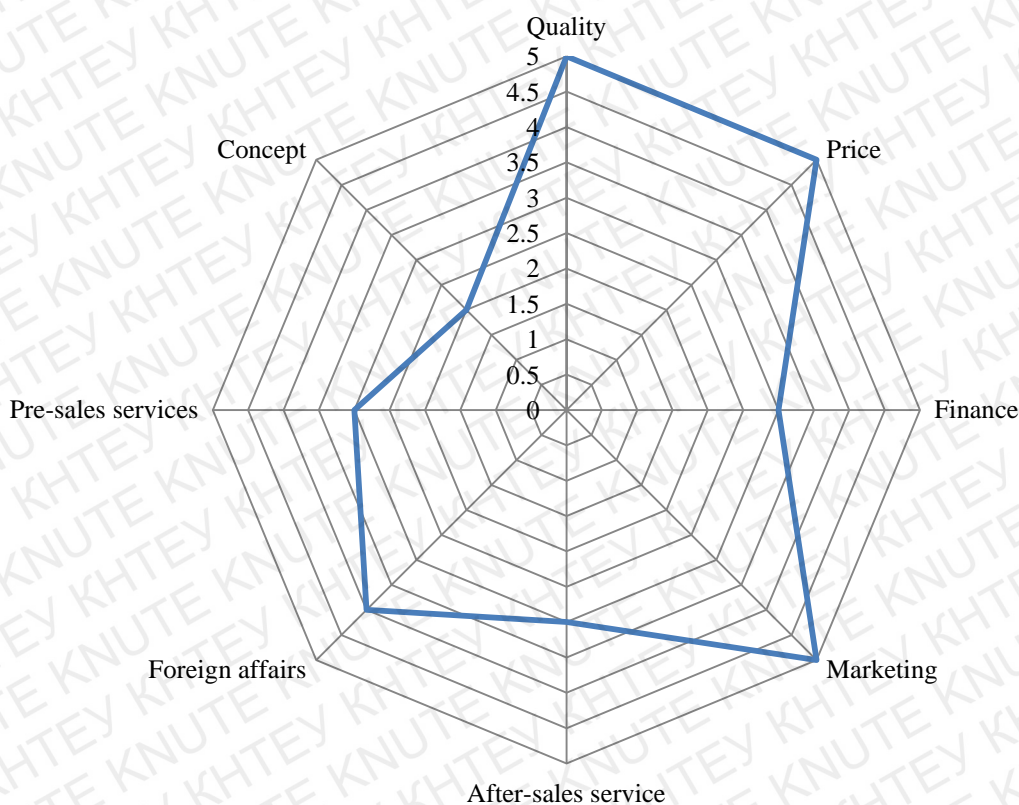
- first, a meeting between the seller and the potential buyer takes place in neutral territory, which is very important for both sides from a psychological point of view;



- secondly, the exhibition always carries the elements of a holiday, a show where we can not only show our product, but also "beat" it to make it more attractive to visitors;

- thirdly, participation in an exhibition is a complex event, and there is always a wide range of opportunities: a pre-exhibition advertising campaign, an original design of an exhibition stand, advertising and PR - actions during the exhibition.

3) Participation in the exhibition allows the enterprise to carry out a systemic marketing approach, forming interrelated and interdependent product, price, sales and communication marketing strategies within the framework of the strategic management of the enterprise.



**Fig. 2.3 – Competitiveness' polygon of "Milestone" LLC**

*Source: created by the author.*

In this case, when developing and manufacturing a product, the focus is on costs. This strategy is also known as Price Leadership.

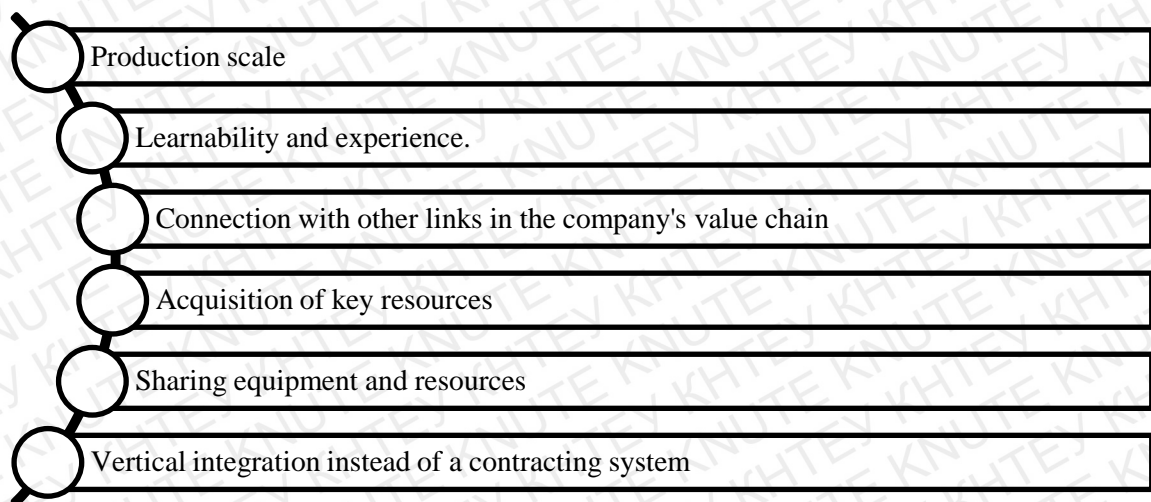
It is a strategy based on internal competitive advantage and is based mainly on the organizational and production know-how of the company.

To create cost advantages, it is usually practiced:

- Reducing unit costs by increasing production volumes, thus achieving economies of scale.
- Rational business management, optimization of intra-company communications.
- Savings on variety in the production of various products. Integration of distribution networks and optimization of supply systems;
- The branch network, which, due to the convenient geographical location of the company, allows us to reduce the cost of production by using local characteristics.

When companies try to give a product certain distinctive features, some unusual functional properties, unique characteristics, what the buyer may like, has demand, value for the consumer and what he is willing to pay for, even if similar products of competitors will cost more.

These are strategies arising from external competitive advantage, its superiority in identifying and meeting the expectations of buyers who are dissatisfied with existing goods. In other words, they are aimed at putting on the market goods or services that are more attractive in terms of their qualities in the eyes of consumers than competing products. To achieve a cost advantage, the total costs of a company along the entire value chain must be less than that of competitors. This can be achieved in some ways, presented on the Fig. 2.4



**Fig. 2.4 The vital components for achieving cost leadership strategy**

*Source: created by the author.*

Outperform competitors in the efficiency of management of the internal value chain and the use of cost reduction reserves in its individual links.

- reorganization the company's value chain by eliminating the most expensive links;
- the level of costs should be reviewed at each link in the value chain depends on many factors.

*Production scale.* Economies of scale can affect any link in the value chain. Economies of scale occur when business costs decrease as activity grows, or when costs (for example, R&D or advertising) can be spread over more products sold [16].

*Learnability and experience.* Business costs are reduced over time by gaining experience and increasing professionalism. Cost reduction through learning and experience is the result of deeper processes than simply improving the skills of employees and mastering new technology. The effect of learning is expressed in reduced development and administration time for websites, new outlets, new factories, or new distribution channels. Reducing costs by researching competitors' products and technologies, or by obtaining information from suppliers, consultants and former employees of competing companies - this is also a learning effect. The speed and quality of experience accumulation depends on the degree to which management is interested in the benefits of the learning effect [17].

*Acquisition of key resources.* The costs in the company's value chain depend, among other things, on the costs of acquiring basic resources - raw materials, supplies, stocks, etc. The following circumstances affect costs. Hiring independent or unionized workers.

*Connection with other links in the company's value chain.* When costs at one link in the value chain are dependent on efficiency elsewhere, total costs can be reduced by better coordinating interdependent activities. For example, if the cost of product quality control or inventory management is dependent on supplier efficiency, we can reduce costs by partnering with the latter to design parts, control inventory quality, arrange just-in-time shipments, purchase bulk materials, and place orders on supplier websites.

*Sharing equipment and resources.* Different divisions of the company can share the order processing system, the billing system, the services of a single service or technical support department, common warehouse space and distribution channels.

*Vertical integration instead of a contracting system.* Partial or full integration with vendors or distribution channels provides an enterprise with additional capabilities.

*Pioneer or follower policy.* It often happens that a pioneer brand gets a cost advantage precisely because it is the first. The e-commerce industries are a prime example of this, with early adopters of this market having the highest levels of brand awareness (eBay, Yahoo! and Amazon.com). Therefore, follower companies do not incur the same costs of research and development of new markets as pioneer companies.

There are several ways to increase the utilization factor of production capacities: even distribution of large orders over time; search for new ways to use their products in the off-season; fulfillment of one-time orders of individual buyers; choice of consumers with constant or evenly distributed order volumes; concession to competitors of those market segments where the maximum fluctuations in the volume of demand are observed by periods; joint use of capacities by divisions of the company with different periods of increase and decrease in demand [18].

It is impossible to create a competitive advantage only through pricing strategy. There should be a certain pricing limit below which one cannot go down in order to avoid financial losses and maintain profitability. While the quality of a product can be improved indefinitely, if only it differs more favorably in quality from similar products.

However, it should be understood that the cost leadership strategy and the differentiation strategy should be carried out independently of each other, it is not necessary to implement them simultaneously. More often than not, companies use a differentiation strategy to raise prices, because differentiation leads to higher production costs. As a result, the profit increases slightly, but not necessarily.

At the same time, differentiation with the maintenance of prices always contributes to an increase in sales due to the number of products sold or due to stabilization of consumer demand.

### 2.3. Forecasted results of implementation of the recommendations for “Milestone” LLC

Depending on the change in the analyzed indicators, in comparison with the previous period, the company must follow one or another foreign trade behavior. Possible behaviors and consequences are presented in the design stage diagram. It should be noted that analyzing the feasibility of “Milestone” LLC foreign trade activities in chapter 2.2, it was concluded that external activities are more profitable than trade on the domestic market of Ukraine.

The intermediary will take of our net 45%, for the first proposal. The second proposal – product diversification will increase income by 5% and according to the third proposal the results of the projected indicators will also increase by 5% annually that’s why the costs of “Milestone” LLC will increase as well as the income will increase, listed in the table 2.5.

Table 2.5

#### The expected volume of foreign economic activity in the amount of net income of LLC "Milestone" 2021-2025, thousand UAH

№	Indicator	Results obtained after proposed measures				
		2021	2022	2023	2024	2025
1	Net income from sales of products (goods, works, services)	92033	111558	135224	163 912	198 685
2	Cost of goods sold (goods, works, services)	-68813	-83667	-101727	-123686	-150 384
3	Gross profit	23221	27891	33 497	40 226	48 300
4	Net income from sales of products in foreign markets (goods, works, services) – exports	41600	52000	65000	81250	101562,2
5	Cost of goods sold in foreign markets (goods, works, services)	27872	34840	43550	54437,5	68046,7

№	Indicator	Results obtained without proposed measures				
		2021	2022	2023	2024	2025
1	Net income from sales of products (goods, works, services)	83200	104000	130000	162500	203124,5
2	Cost of goods sold (goods, works, services)	58240	72800	91000	113750	142187,1
3	Gross profit	24960	31200	39000	48750	60937,3
4	Net income from sales of products in foreign markets (goods, works, services) – exports	41600	52000	65000	81250	101562,2
5	Cost of goods sold in foreign markets (goods, works, services)	27872	34840	43550	54437,5	68046,7

*Source: conducted by the author due the information from the “Milestone” LLC.*

From the previous analysis and researching of different indicators it is seen that proposed measures can help the enterprise to increase the efficiency of its foreign economic activity.

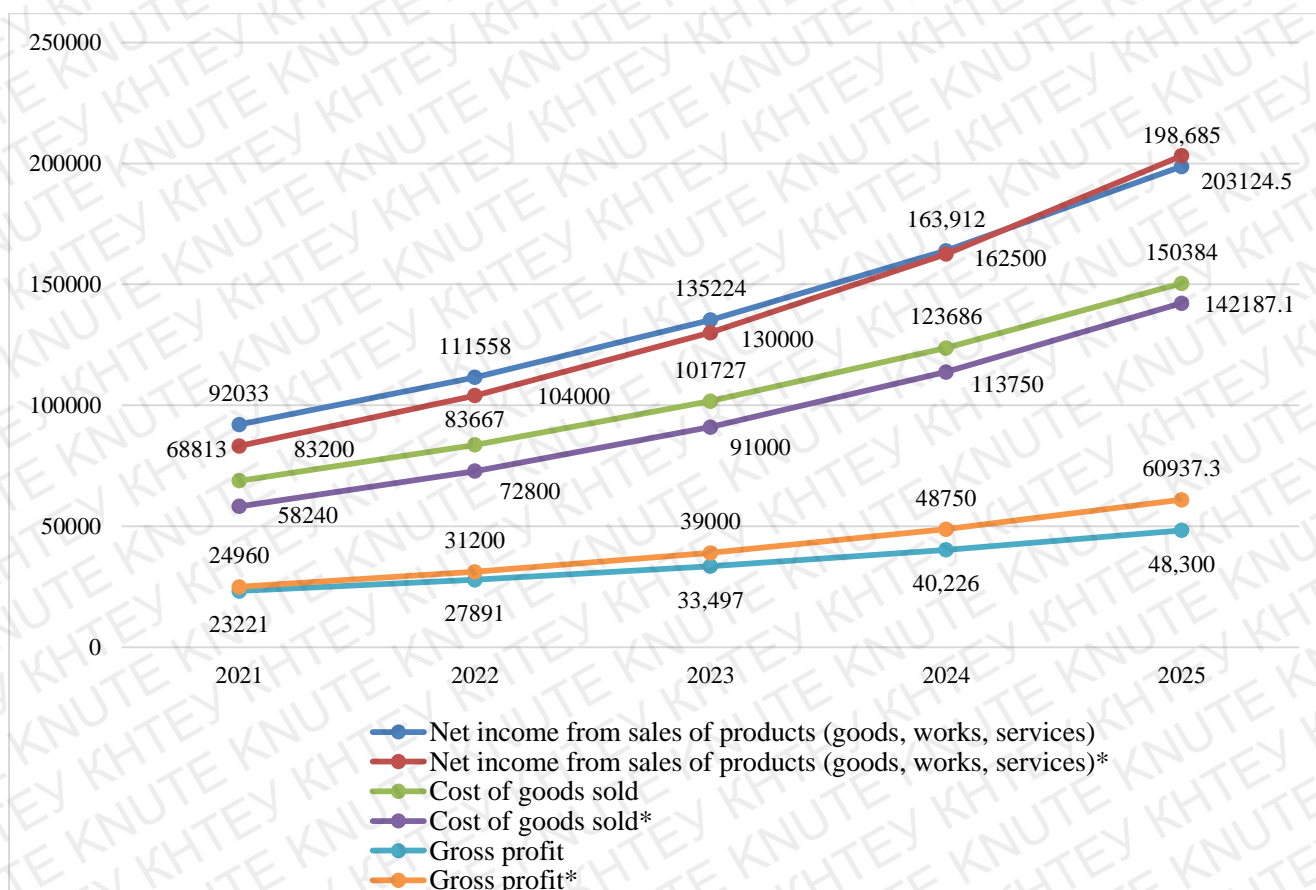
To clarify the efficiency of the measures we will show the main indicators of the financial results on the fig. 2.5.

As we see from the fig. 2.5 the measures, which we propose to implement are effective, but in the long-term period for the enterprise.

The significant growth we can see in 2024 compared to planned results.

The value of the net income will increase by approximately 5000 thousand UAH from 2024 to 2025, also this measured will decrease the costs of the “Milestone” LLC.

As a result, increase gross profit, in 2025 planned meaning a gross profit is 48300 and with the help of our measures – 60937,3 thousand UAH.



**Fig. 2.5 The comparison of the financial results planned and with the implementing proposed measures of “Milestone” LLC in 2021-2025 thousand UAH**

*Source: conducted by the author due the information from the “Milestone” LLC.*

Also we need to see the part of the income generated by the foreign economic activity, table 2.6.

*Table 2.6*

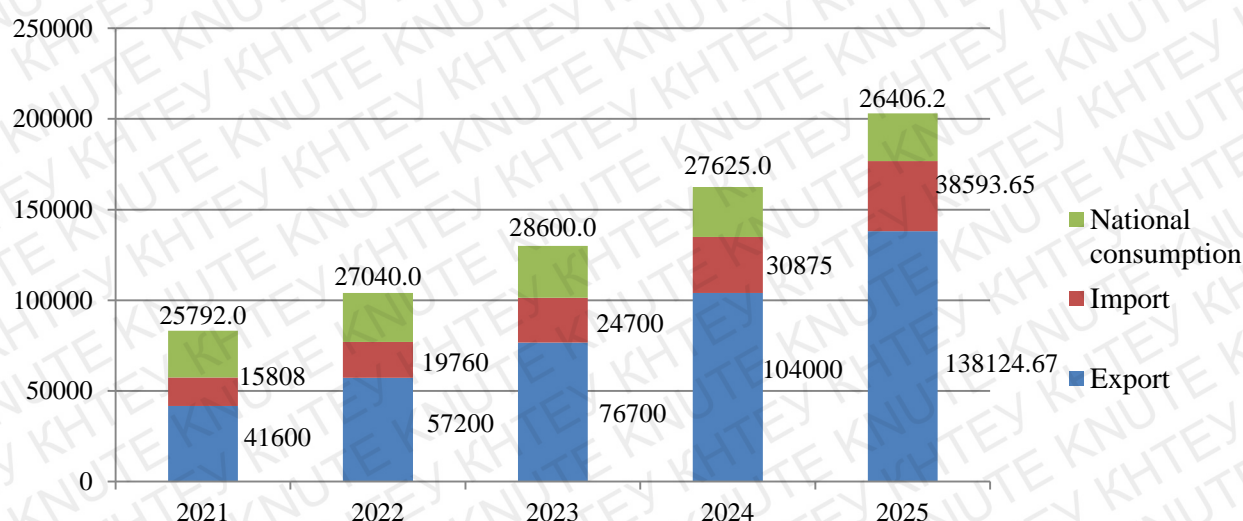
**Expected dynamics of foreign economic activity in the structure of net income after the proposed measures of "Milestone" LLC 2021-2025, thousand UAH**

Index	Volume in thousand UAH					Volume in percent, %				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
Net income from sales of products (goods, works, services)	83200	104000	130000	162500	203124	100	100	100	100	100
Export	41600	57200	76700	104000	138124	50	55	59	64	68

Import	15808	19760	24700	30875	38593	19	19	19	19	19
Foreign trade turnover	57408	76960	101400	134875	176718	69	74	78	83	87

Source: conducted by the author due the information from the “Milstone” LLC.

Table 2.6 shows us that the income from the export operations is 138124,7 thousand UAH or 68% in 2025. During the years the meaning of the foreign trade turnover grew up to 8496,1, which is 87% from the general net income from sales of products.



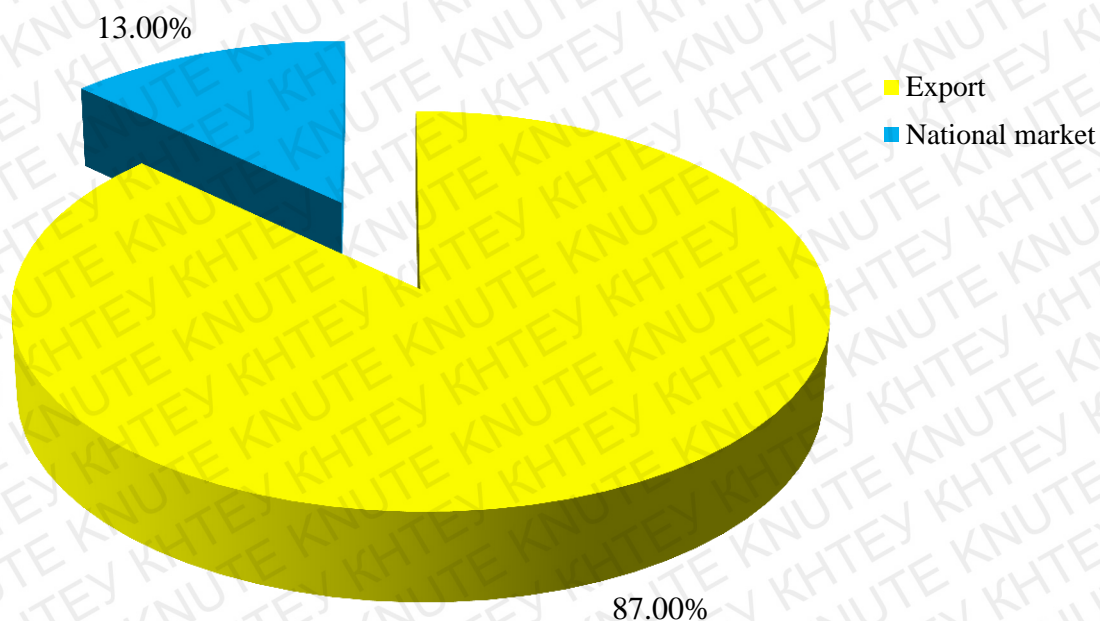
**Fig. 2.6 – The volume of the foreign trade turnover volume of the gross profit after the proposed measures in “Milstone” LLC 2021-2025, thousand UAH**

Source: conducted by the author due the information from the “Milstone” LLC.

From the figure 2.6 we can make the conclusion that the volumes of a net income grew up twice. Net income from the export operations export activity was 41600 thousand UAH, which is 50% from the general net income in 2021, but till 2025 it increased to 138124.67 thousand UAH. If it comes to the net income from import activity its meaning in 2021 was 15808 thousand UAH, which make up 19% of all the net income and till 2025 it increased to 38593.7 thousand UAH (19%). So, we can make a conclusion, that “Milstone” LLC expands its foreign economic activity and the consumption on the domestic market decreases, so we can say, that the “Milstone” LLC becomes more foreign trade-oriented.



Also we have to see the part of the production sold on the domestic-market and the export activity, fig. 2.7.



**Fig. 2.7 – The deviation of the domestic-market and export orientation after the proposed measures in 2021 of “Milston” LLC, %**

*Source: conducted by the author due the information from the “Milstone” LLC.*

As we see from the fig. 2.7 – in 2021 the national market consumption will decrease to 13% compared to 2019.

The export activity, as well will increase up to 87%, which says that the volumes of the production made for the exportation will increase and the enterprise will become really export-oriented, as well, as the gross profit will increase, table 2.7.

From the table 2.7 we can see that the volume of the gross profit from FEA is 800 thousand euros, which was 80% of general gross profit in 2021.

During four years the amount of gross profit from FEA will increase to 57281,1, which is 80% of the total amount. So, we can make a conclusion, that despite the growth in quantitatively amount, there is the surplus in the percentage amount [19].

**The volume of the gross profit after the proposed measures of “Milestone”  
LLC 2021-2025, thousand UAH**

<b>№</b>	<b>Indicator</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
1	Gross profit (general)	24960	31200	39000	48750	60937,3
2	Gross profit from exports	19968	24960	31200	39000	48749,84
3	Gross profit from imports	3494,4	4368	5460	6825	8531,22
	<b>Gross profit from FEA</b>	<b>23462,4</b>	<b>29328</b>	<b>36660</b>	<b>45825</b>	<b>57281,06</b>

*Source: conducted by the author due the information from the “Milestone” LLC.*

Also as the volume of gross export from the general meaning is 80% in 2021, during 4 years this didn't change.

In addition to this, we should notice, that the difference in the percentage change amount is not significant.

So, after analyzing the volumes of the export, import activity, the part of the gross profit from the export and import activity.

To do that we should use the methodological basis and calculate the efficiency of the foreign economic activity, presented in the table 1.8, to compare the results in 2015-2019 and 2021-2025.

So due the methodical basis we will calculate the efficiency of foreign economic activity.

But comparing with the indexes during 2015-2019 we will not calculate the currency export and import activity, as for the calculation we have to know the future currency rate and we have no tools how to predict it. The result of all the indexes will be put in table 2.8.

**Indicators of efficiency of foreign economic activity after the proposed measures of the Milstone” LLC 2021-2025**

<b>Index</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Deviation +/-</b>
Coefficient of efficiency of foreign economic activity of the enterprise	49,51	50,56	51,31	52,15	50,20	0,69
Profitability of foreign economic activity of the enterprise	8,91	9,10	9,24	9,39	9,20	0,29
Profitability of export	40,00	40,00	40,00	40,00	40,00	-
Profitability of import	15,00	15,00	15,00	15,00	15,00	-

*Source: conducted by the author due to Appendix A, B.*

The FEA indicator is in its normative value (more than 1), and the dynamics of this indicator is positive, but not so great surplus, for the last 5 years the coefficient increased by 0,69 points. As we can see, there is no problem with the profitability of foreign trade.

Also, the profitability of foreign economic activity of “Milstone” LLC showed the normative value, 8.91 and in 2025 it will reach the level of 9,2, the surplus is +0.29%. Besides, that the “Milstone” LLC has no significant deviation, but the volumes of the surplus will be much more than at the period of 2015-2019. Also we have to mention, that the stable little surplus is better than a little minus.

So we can make a conclusion, that the proposed measures are effective.

## Conclusions to Section 2

After analyzing the export potential and assessing the capabilities of “Milestone” LLC, it can be noted that the company occupies a fairly stable position in the domestic markets and is located in close proximity to modern centers of economic growth. The company also has sufficient trade capacity to increase trade volumes and enter new sales markets.

Also, we analyzed the resources of the increasing the effectiveness of the export activity of “Milestone” LLC and found the following problems:

- 1) Cooperation with the non-effective intermediary.
- 2) Product stagnation.
- 3) The existence of a non-effective strategy of the existence on the foreign market.

Also we have found the ways out of the situation:

- 1) Change of the intermediary, which works with 4PL system and provides delivery.
- 2) Product diversification.
- 3) The implementation of the strategy of cost leadership export direction

As the result, we calculated the net income from the goods, services, etc. and found out the rise in the gross profit of the “Milestone” LLC.

In addition, we analyzed the indexes of the foreign economic activity.

The FEA indicator is in its normative value (more than 1), and the dynamics of this indicator is positive, but not so great surplus, for the last 5 years the coefficient increased by 0,69 points. Also, the profitability of foreign economic activity of “Milestone” LLC showed the normative value, 8.91 and in 2025 it will reach the level of 9,2, the surplus is +0.29%.

## CONCLUSIONS AND RECOMMENDATIONS

The main purpose of the final qualifying paper was to assess the results of the effectiveness of foreign economic activity of the enterprise of “Milestone LLC”, and to develop measures to improve its efficiency in modern economic conditions.

To achieve this goal, it was necessary to solve the following tasks:

1) Determine the essence, types of foreign economic activity of the enterprise. So in the chapter 1.1 we analyzed the activity of the enterprise, its organization structure. Also we conducted the SWOT-analysis of “Milestone” LLC. As we found out in the course of the conducted SWOT-analysis, that “Milestone” LLC is characterized by a certain balance of strengths and weaknesses (strengths and weaknesses characteristic of the company), as well as opportunities and threats. Therefore, the company exists in a fairly stable environment, however, in order to obtain additional competitive advantages, “Milestone” LLC should work on its brand image and widen its activity abroad, thereby strengthening its position in the market.

2) Analyze the structure of the enterprise's foreign economic activity, as well as the volume of product sales in foreign markets.

The main trade position in export in 2015 was computers, peripheral equipment and software, services and printing took fourth and the fifth place in this rating. But in 2019 the volume of trade position changed.

The main three countries to which “Milestone” LLC exports are Czech Republic, Germany and Poland. The top-exporter is Czech Republic – in 2015 the amount of export was 4245 thousand UAH (42,5% of the general structure) and it increased to 17189 thousand UAH (55,2% of the general structure). Germany is the second country in a volume of export with the meaning of 3495 thousand UAH (34, 97%) in 2015 and during 2015-2019 its volumes increased to 9146 (29,38% of the general structure of export) in 2019. Poland takes the third place with the meaning of 2254 thousand UAH.

3) Identify the main problems that hinder the development of foreign economic activity of the enterprise. So we found three main problems: cooperation with the non-effective intermediary; product diversification; the implementation of the strategy of cost leadership export direction. “Milestone” LLC is a trade company, which exports

machinery and equipment. Now its activity is regulated by the intermediary Ukrainian company, which has connections abroad: Czech Republic, Germany and Poland, that's why the export activity of the "Milestone" LLC is regulated in those countries. Besides, the volumes of the export activity tend to grow from 2015 to 2019, but we are sure that the potential export of the "Milestone" LLC is more than it is now. Also it vital to note, that the existing intermediary company has 3PL system of the logistics, but nowadays 3PL system in Europe is increasing less than 4PL system.

We are going to find another one, located in Europe. In Ukraine now "Milestone" LLC cooperates with "Veka" LLC. So, firstly, we should analyze its market and choose another one Flash Europe International. Also we analyzed the European market by the 5 Porter's forces.

In the case of choosing the strategy of diversification, when developing and manufacturing a product, the focus is on costs. This strategy is also known as Price Leadership.

It is a strategy based on internal competitive advantage and is based mainly on the organizational and production know-how of the company.

Also, competitive strategies are key to market success. Therefore, in order to gain the best market positions, build a brand and achieve advantages in relation to competitors in the market, strategy should be used as the basis for gaining benefits from competitive advantage. We have chosen a strategy of diversification.

4) We developed the recommendations for increasing the volume of foreign economic transactions. As we found the problems in the activity of "Milestone" LLC we proposed the ways to improve this situation: changing the intermediary company with the contacts in Europe, product diversification and set strategy of a Cost Leadership.

After analyzing the indexed of the FEA activity we can make a conclusion that the proposed measures are effective, so we reached the main aim of the work.

## REFERENCES

- 1) Codes of economic activities according to NACE-2010 [Electronic resource] - Mode of access to the resource: [http://kved.ukrstat.gov.ua/KVED2010/kv10\\_i.html](http://kved.ukrstat.gov.ua/KVED2010/kv10_i.html).
- 2) Shorokhov V. Comparative analysis of the linear functional and divisional organizational management structures / Shorokhov V. – 2015. – №43. – С. 201–210
- 3) Doroshenko M. Organizational management structure: essence and classification / Doroshenko M., Voronina V.. // Scientific notes of TNU named after VI Vernadsky. Series: Economics and Management. – 2019. – №5. – С. 52–56.
- 4) Emet GÜREL. SWOT-analysis: a theoretical review / Emet GÜREL. // Journal of International Social Research. – 2017. – №10.
- 5) Dyadkina A.S. Financial analysis as the most important tools of strategic management / Dyadkina A.S.. // Politics, economics and innovations. – 2018. – №3.
- 6) Tyutyunnyk Y. M., Dorogan-Pisarenko L.O., Tyutyunnyk S.V. Financial analysis: textbook. way. / Tyutyunnik Yu. M., Dorogan-Pisarenko LO, Tyutyunnik SV - Poltava: PDAA, 2016. - 430 p.
- 7) Tkachenko I.P. Financial analysis / Tkachenko I.P.. // Dnipro state technical university. – 2019. – p. 220.
- 8) Monk. E.V. Financial analysis: a textbook / E.V. Monk, NS Barabash. - K.: Kiev. national. University of trade and economics, 2014. - 536 p.
- 9) Solyanik LG Financial analysis. Methodical recommendations for practical classes for students of the educational-professional program of training bachelors in the field of knowledge "Management and Administration" in the direction of training 072 Finance, Banking and Insurance / L.G. Solyanik; Ministry of Education and Science of Ukraine, Nat. horn. un-t. - Dnipro: NMU, 2017. - 67 p.
- 10) Yakovenko O. V. Theoretical basis of the analysis of FEA by the customs / Yakovenko O. V.. – 2015. – №27. – С. 89–94.
- 11) Gulakova V.L. The effectiveness of the FEA of the enterprise / Gulakova V.L..
- 12) Archive of exchange rates [Electronic resource] – Access mode: <https://index.minfin.com.ua/exchange/archive/>.

- 13) What is a 4PL? The Difference Between 4PL vs 3PL [Electronic resource] // Warehousing & Fulfillment/ Access mode: <https://www.easyship.com/blog/4pl-vs-3pl>.
- 14) Fourth-party logistics (4PL), explained [Electronic resource]– Access mode:: <https://www.tradegecko.com/supply-chain-management/what-is-4pl>.
- 15) Kovalchuk T. G. Influence of integration processes on the formation of the strategy of foreign economic activity of Ukrainian enterprises / Kovalchuk TG. // "Young Scientist". - 2016. - P. 55–59.
- 16) Keller, K. L. (2016). Strategic Brand Management: Building, Measuring, and Managing Brand Equity. 4th ed. [in English]
17. Nation Brands [Electronic resource] // The Brand Finance's. – 2018. – Access mode: <http://brandfinance.com/knowledge-centre/reports/brand-financenation-brands-2018/>.
18. Nation Brands [Electronic resource] // The Brand Finance's. – 2019. – Access mode: <http://brandfinance.com/knowledge-centre/reports/brand-financenation-brands-2019/>.
19. Kulandairaj A. The Effectiveness of Point of Sales (POS) Displays in The Buying Behaviour of Consumers / Kulandairaj // International Journal of Technical Research and Applications. – 2015. – [Electronic resource]. — Access mode: <http://www.ijtra.com/special-issue-view/the-effectiveness-of-point-of-sales-pos-displays-in-the-buying-behaviour-of-consumers-a-study.pdf>.



## APPENDICES

## Appendix A

Assets						
<b>I. Non-current assets</b>		<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Intangible assets:	1000	2	1	7	2	7
initial value	1001	26	26	11	10	11
accumulated depreciation	1002	24	25	24	23	26
Incomplete capital investments	1005	8642	5495	47	40	27
Fixed assets:	1010	11071	9715	16915	16261	15607
initial value	1011	2429	13560	23681	24385,5	25090
wear and tear	1012	3115	3845	6766	6766	6766
Investment Property:	1015	0	0	0	0	0
initial value	1016	0	0	0	0	0
wear and tear	1017	0	0	0	0	0
Long-term biological assets:	1020	0	0	0	0	0
initial value	1021	0	0	0	0	0
accumulated depreciation	1022	0	0	0	0	0
Long-term financial investments:		0	0	0	0	0
which are accounted for using the equity method of other enterprises	1030	3811	3811	3811	3811	3811
other financial investments	1035	0	0	0	0	0
Long-term receivables	1040	0	0	0	0	0
Deferred tax assets	1045			0	0	0
Goodwill	1050	0	0	0	0	0
Deferred acquisition costs	1060	0	0	0	0	0
Balance in centralized insurance reserve funds	1065	0	0	0	0	0
Other non-current assets	1090	0	0	0	0	0
<b>Total for section I</b>	<b>1095</b>	<b>11759</b>	<b>19022</b>	<b>20780</b>	<b>20114</b>	<b>19452</b>
<b>II. Current assets</b>						
Stocks	1100	0	0	0	0	0
Inventories	1101	470	470	606	672	738
Unfinished production	1102	0	0	0	0	0
Final product	1103	22	7	53	44	35
Cargo	1104	7228	1507	5	4	3
Current biological assets	1110	0	0	0	0	0
Reinsurance deposits	1115	0	0	0	0	0
Promissory notes received	1120	0	0	0	0	0
Accounts receivable for products, goods, works, services	1125	518	332	945	1075	1205
Accounts receivable by calculations: on issued advances				0	1075	1205
	1130					
with a budget	1135	253	248	0	253	0

including income tax	1136	0	0	0	0	0
from accrued income	1140	0	0	0	0	0
from internal calculations	1145	0	0	2012	0	0
Other current receivables	1155	1113	1171	557	488,4	406,8
Current financial investments	1160	0	0	0	0	0
Money and their equivalents	1165	21	31	570	488,4	406,8
Cash	1166	21	31	101	113	113
Bank accounts	1167	0	0	0	0	0
Deferred expenses	1170	0	0	7	0	0
The reinsurer's share in insurance reserves	1180	0	0	0	0	0
including in:		0	0	0	0	0
long-term liabilities reserves	1181					
loss reserves or reserves for due payments	1182	0	0	0	0	0
reserves for unearned premiums	1183	0	0	0	0	0
other insurance reserves	1184	0	0	0	0	0
Other current assets	1190	3	0	113	113	113
Total for section II	1195	9625	3766	2849	2884,8	2907,6
III. Non-current assets held for sale and disposal groups	1200	0	0	0	0	0
Balance	1300	21387	22790	23629	23005,8	22366,6

Liabilities						
I. Equity		2015	2016	2017	2018	2019
Registered (share) capital	1400	10200	10200	10200	10200	10200
Contributions to unregistered authorized capital	1401	0	0	0	0	0
Capital in revaluations	1405	0	0	0	0	0
Additional capital	1410	0	0	0	0	0
Issue income	1411	0	0	0	0	0
Accumulated exchange rate differences	1412	0	0	0	0	0
Reserve capital	1415	0	0	0	0	0
Retained earnings (uncovered loss)	1420	545	450	618	498	378
Unpaid capital	1425	1835	0	0	0	0
Withdrawn capital	1430	0	0	0	0	0
Other reserves	1435	0	0	0	0	0
<b>Total for section I</b>	<b>1495</b>	<b>7820</b>	<b>9750</b>	<b>9582</b>	<b>9702</b>	<b>9822</b>
<b>II. Long-term liabilities and collateral</b>						
Deferred tax liabilities	1500	0	0	0	0	0
Retirement liabilities	1505	0	0	0	0	0
long-term bank credits	1510	0	0	0	0	0
Other long-term liabilities	1515	0	0	0	0	0
Long-term security	1520	0	0	0	0	0
Long-term staff costs	1521	0	0	0	0	0
Targeted financing	1525	0	0	2	0	0
Charity	1526	0	0	0	0	0
Insurance reserves, including:	1530	0	0	0	0	0
reserve for long-term liabilities; (At the beginning of the reporting period)	1531	0	0	0	0	0
loss reserve or due payments reserve; (At the beginning of the reporting period)	1532	0	0	0	0	0
reserve for unearned premiums; (At the beginning of the reporting period)	1533	0	0	0	0	0
other insurance reserves; (At the beginning of the reporting period)	1534	0	0	0	0	0
Investment contracts;	1535	0	0	0	0	0
Prize fund	1540	0	0	0	0	0
Reserve for jackpot payout	1545	0	0	0	0	0
<b>Total for section II</b>	<b>1595</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>
<b>III. Current liabilities and collateral</b>						
Short-term bank loans	1600	1407				
Promissory notes issued	1605	11832	0	0	0	0

Current accounts payable: for long-term liabilities	1610	0	0	0	272	0
for goods, works, services	1615	0	0	0	0	0
according to calculations with the budget	1620	125	0	0	0	0
for including income tax	1621	203	0	0	24	457
according to insurance calculations	1625	0	0	0	0	0
according to payroll calculations	1630	0	0	0	0	0
on the received advances	1635	0	0	0	0	0
according to calculations with participants	1640	0	0	0	0	0
from internal calculations	1645	0	0	0	0	0
for insurance activities	1650	0	0	0	0	0
Current supplies	1660	0	0	0	0	0
Deferred income	1665	0	0	0	149	116
Deferred commission income from reinsurers	1670	0	0	0	17986	
Other current commitments	1690		13040	14045	0	0
Total for section III	<b>1695</b>	13567	13040	14045	017986	22131
IV. Liabilities related to non-current assets held for sale and disposal groups						
	<b>1700</b>					
V. Net asset value of a private pension fund	<b>1800</b>		0	0	0	0
Balance	<b>1900</b>	21387	22790	23629	23005,8	22366,6

Article	Code of the article	2015	2016	2017	2018	2019
Net income from sales of products (goods, works, services)	2000	36 341	54 237	60 125	66 976	75 926
Net earned insurance premiums	2010	0	0	0	0	0
Prizes are signed, gross amount	2011	0	0	0	0	0
Premiums transferred to reinsurance	2012	0	0	0	0	0
Change in the reserve for unearned premiums, gross amount	2013	0	0	0	0	0
Change in the share of reinsurers in the reserve for unearned premiums	2014	0	0	0	0	0
Cost of goods sold (goods, works, services)	2050	-27 149	-40 558	-43 274	-48 184	-27 149
Net incurred losses on insurance payments	2070	0	0	0	0	0
<b>Gross:</b>						
profit	2090	9 192	13 679	16 851	18 698	19 330
loss	2095	0	0	0	0	0
Income (expenses) from changes in reserves for long-term liabilities	2105	0	0	0	0	0
Income (expenses) from changes in other insurance reserves	2110	0	0	0	0	0
Change in other insurance reserves, gross amount	2111	0	0	0	0	0
Change in the share of reinsurers in other insurance reserves	2112	0	0	0	0	0
Other operating income	2120	5 345	1 560	1 145	730	315
Income from changes in the value of assets measured at fair value	2121	0	0	0	0	0
Income from initial recognition of biological assets and agricultural products	2122	0	0	0	0	0

Administrative expenses	2130	-1 902	-2 400	-2 338	-2 336	-2 333
Selling expenses	2150	-6 187	-10 141	-11 241	-12 341	-14 762
Other operating expenses	2180	- 5 571	-1 855	-1 705	-1 555	-1 309
Expenses on changes in the value of assets measured at fair value	2181	0	0	0	0	0
Costs from initial recognition of biological assets and agricultural products	2182	0	0	0	0	0
<b>Financial result from operating activities:</b>						
profit	2190	877	843	2712	3196	1241
loss	2195	0	0	0	0	0
Income from equity participation	2200	0	0	0	0	0
Other financial income	2220	0	2	0	0	0
Other income	2240	6	142	142	142	13924
Income from charitable assistance	2241	0	0	0	0	0
Financial expenses	2250	-226	-162	-169	-176	-184
Losses from equity participation	2255	0	0	0	0	0
Other expenses	2270	22	199	4 747	9 295	13 845
Profit (loss) from the impact of inflation on monetary items	2275	0	0	0	0	0
<b>Financial result before tax:</b>						
profit	2290	635	1 138	-	-	1 138
loss	2295	228	0	-2062	-6133	0
Expenses (income) from income tax	2300	-36	-83	-76	-46	2
Profit (loss) from discontinued operations after tax	2305	-158	-531	-515	-1 533	-776
<b>Net financial result:</b>						
profit	2350	477	95	-	-	362
loss	2355	-	-	-1 547	-4 600	-